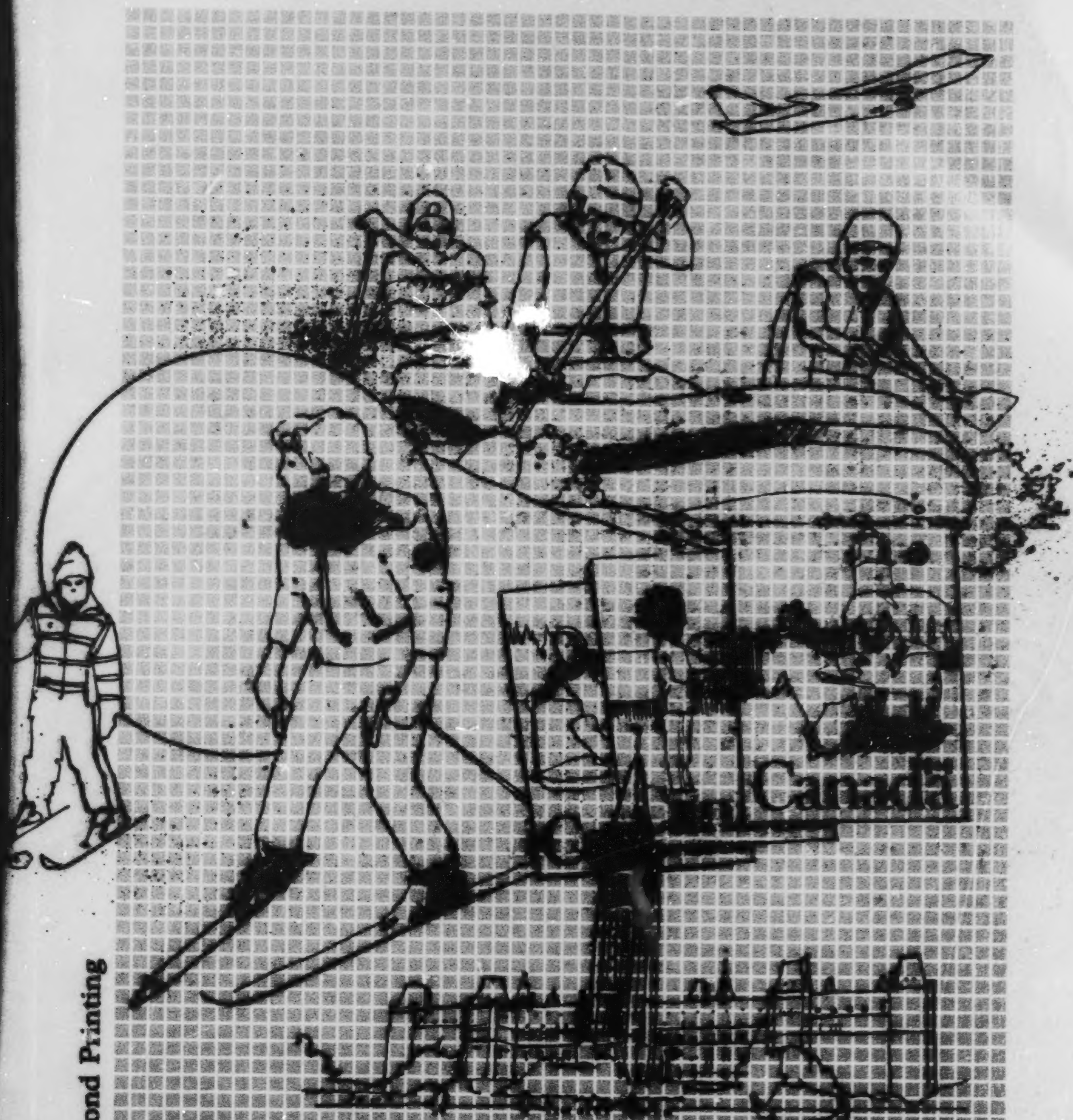
Tourism Tomorrow

Towards a Canadian Tourism Strategy



Second Printing

Minister of State
(Tourism)

Ministre d'État
(Tourisme)

The Honourable Tom McMillan

Canada

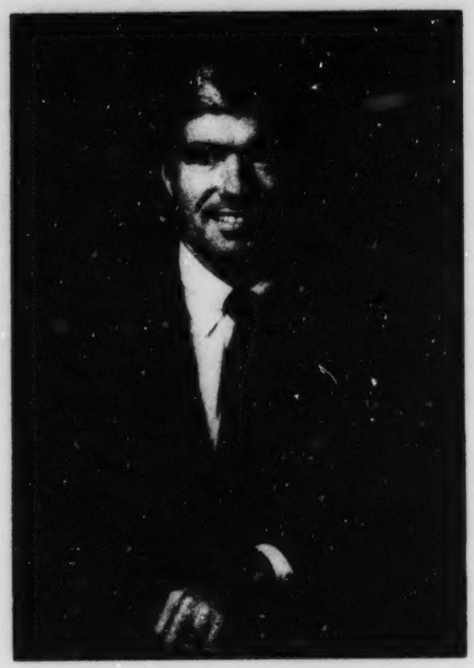
85-3613/

This publication is intended to seek your comments and suggestions on ways to improve Canada's tourism industry.
I would ask you to send your contributions to: The Hon. Tom McMillan, Minister of State for Tourism, C.D. Howe Building, 235 Queen Street, Ottawa, Ontario K1A 0H6.
Please indicate *Tourism Tomorrow* on the envelope.

Tourism Tomorrow

Towards a Canadian Tourism Strategy

Canada



INTRODUCTION

When The Rt. Hon. Brian Mulroney, Prime Minister of Canada, appointed me the first federal minister responsible solely for tourism, he sent out a double signal: that tourism is a major national industry worthy of its own minister in the federal Cabinet, and that tourism is expected to play a key role in the revitalization of the Canadian economy.

It has been said that Canada is a virtual museum of natural history, a showplace of multiculturalism, and a recreation-land of unsurpassed beauty and variety. Why, then, is Canada suffering a $2.2 billion a year deficit in world travel receipts? Why has Canada's share of world travel receipts been cut in half in the last decade, from 4.6 per cent in 1972 to 2.7 per cent in 1983?

For one thing, our competitors have treated tourism more seriously than we have. Indeed, during the half century that the Canadian government has participated (under one bureaucratic name or another) in tourism, there has been no comprehensive strategy. There has been no effective co-ordination among provincial, territorial and municipal interests. There has been little compatible meshing of the respective efforts of the government and private sectors. Instead of consistently reinforcing one another's initiatives, we have sometimes worked at cross purposes.

The Canadian government believes tourism is now ready for a comprehensive plan, a co-operative approach to the industry's challenges. At a highly successful meeting in November 1984, federal, provincial and territorial Ministers of Tourism and other officials decided to make a fresh start. Private sector representatives, including the Tourism Industry Association of Canada, had already concluded that a co-ordinated strategy was needed. The first step in that direction consists of collecting data and ideas. Secondly, there must be discussion of the materials collected. After discussion will come the formulation of strategy for the industry, and implementation of the details.

The present document, *Tourism Tomorrow*, is not the formulation of a strategy, nor even a draft of one. It is, rather, a compilation of facts and ideas preliminary to Canada-wide discussions, which, in turn, should contribute to a national approach to tourism. I have drawn suggestions from both public and private sector sources in the hope that this working paper will do two things: stimulate discussions within and among interested groups; and facilitate consultations within the federal government as well as with the provinces, territories and municipalities, with labour, and with the public at large. This process of discussion and consultation will culminate at a national conference in Ottawa in the fall of 1985. At that time, my ministry will take stock of responses to the paper and formulate a unified strategy for tourism in Canada.

There are few industries in which Canada is so well positioned to compete internationally as in tourism. To be competitive, however, tourism depends on the active, willing participation of all citizens. Every Canadian is a host to our guests. All of us contribute to the attitudes about Canada that people take away with them when they return to their homes around the world.

In return, a healthy tourism industry will benefit us all by providing more employment and bringing more money into our country. Tourism is an $18 billion a year industry. It involves as many as 61,000 enterprises. It employs more than 600,000 Canadians directly and thousands more indirectly. Tourism is not restricted to large centres or to wealthier areas. It has been said that tourism, worldwide, is the largest industry of all; in Canada tourism ranks as the second largest industry in most provinces and territories. In terms of international trade, tourism enriches Canada's economy by $4 billion annually in foreign exchange. A healthy tourism industry pays dividends to all Canadians.

This publication, *Tourism Tomorrow*, raises at least five major questions, and challenges all of us to answer them:

1. What must we do to achieve a higher level of professionalism and to compete more effectively with the leading tourist nations?

   Part of the answer lies in our business know-how, on marketing based on reliable research, and decisions arrived at with dispassionate logic: in short, tourism can be fun but it cannot be frivolous.

2. Can we agree to promote selected attractions year by year, to focus on our strongest travel-generators — large and small, urban and rural, regardless of region — in order to appeal to larger numbers of tourists? Will this approach not increase the total market from which each community can draw visitors?

3. Can we find ways to co-ordinate advertising efforts of various sponsors — federal, provincial, territorial, municipal, private sector — in order to project consistent, compatible messages about Canada?

4. Are we prepared to raise the standards of performance in the tourism industry? And are we prepared to provide the training and upgrading needed to meet those higher standards?

   These questions apply to governments, to labour and to business people. Tourism relies on personal skills, not machines, and those skills require training — for managers as well as for casual or seasonal employees.

5. Mindful of our obligation to reduce the national deficit, how can we promote and expand our tourism industry without high levels of government spending?

   This question presents a challenge to our resourcefulness and creativity as we attempt to forge a practical partnership between business and governments.

Those are among the hard questions posed by *Tourism Tomorrow*. The wide circulation of this document seeks response from every interested Canadian. I ask you to read the document, discuss it and react to it. In turn, I pledge the interest and assistance of Tourism Canada. Together we can make tourism Canada's number one industry. Together we can be number one in world tourism.

We should aim for nothing less.

Tom McMillan

The Hon. Tom McMillan
Minister of State (Tourism)

CONTENTS

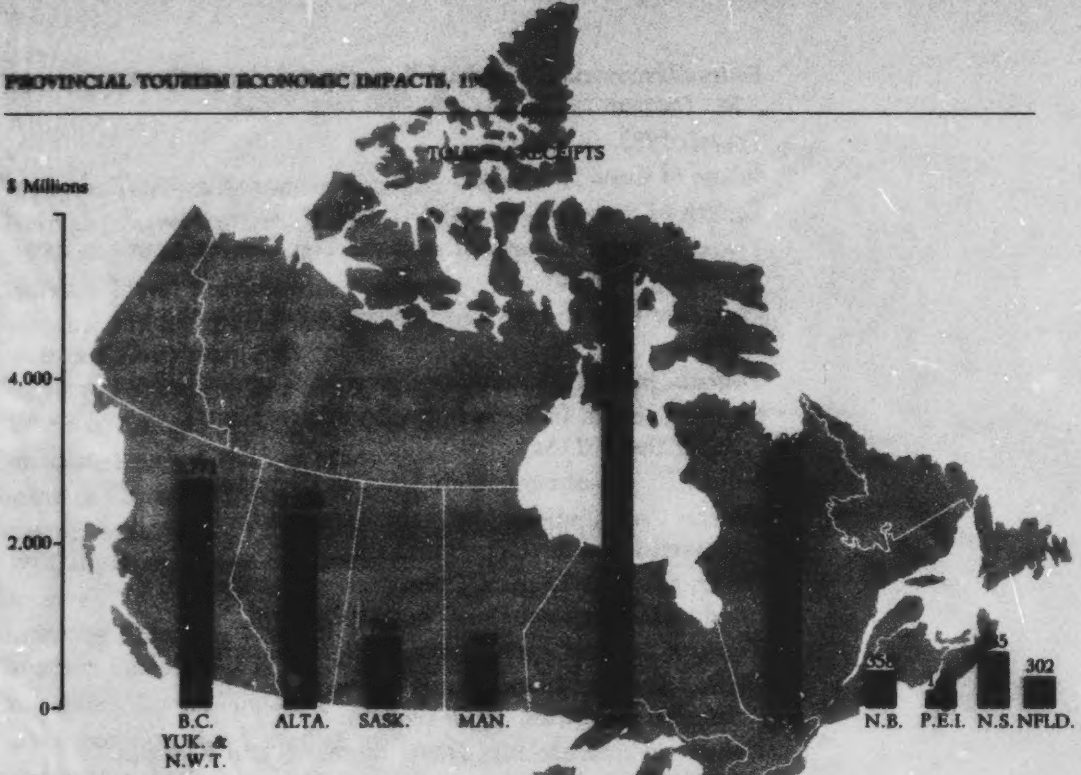
Page
Introduction iii
List of charts and tables viii
The Changing Market 1
  An International Perspective 1
  Is Import Substitution a Possibility? 5
  The New Tourism 7
The Canadian Product 13
The Competition 23
The Canadian Industry 33
  Employment and Training 33
  Accommodation 39
  Food Services 41
  Transportation 43
  Attractions, Events and Recreational Services 45
  Tour Wholesalers and Travel Agents 49
  Private Sector Associations 49
Governments and Tourism 55
  Parks 57
  Culture 59
  Marketing 61
  Statistics/Research 67
  Transportation 71
  Training 71
  Development 73
  Intergovernmental Co-operation 79
Room to Manoeuvre: The Boundaries 83

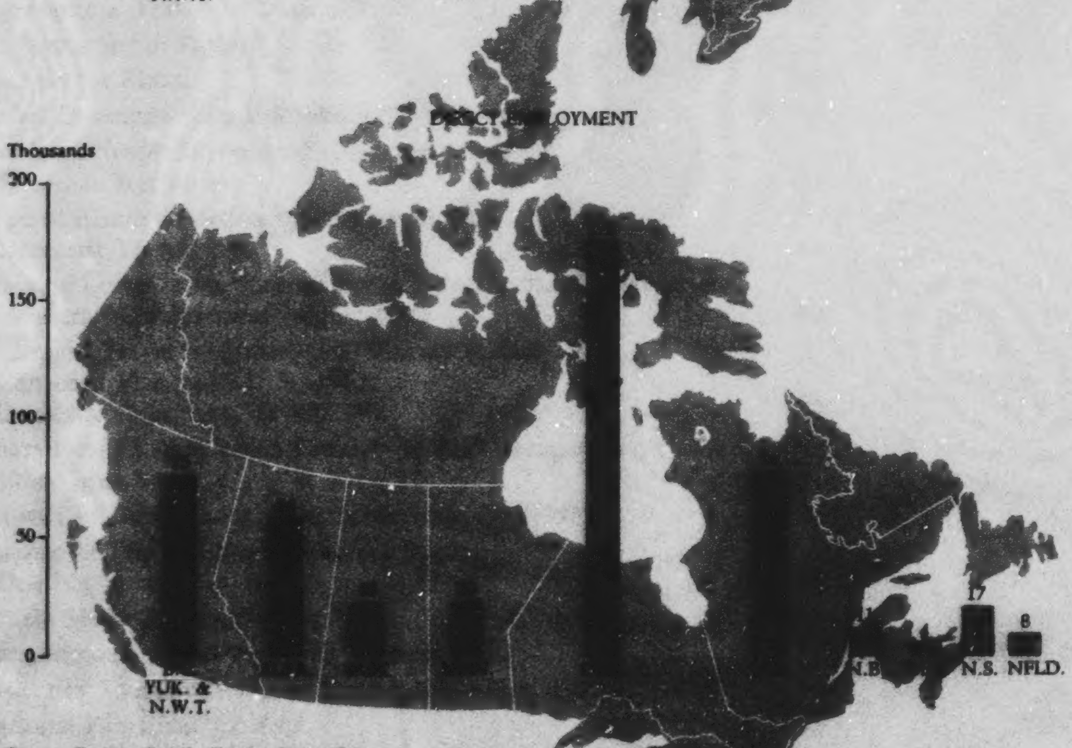
LIST OF CHARTS AND TABLES

Page
Provincial Tourism Economic Impacts, 1982 x
Overnight Travel from the U.S., by Region and Mode, 1972 and 1983 2
Canada's Travel Receipts and Payments, 1972–1983 4
Balance on International Travel Accounts, Selected Countries, 1983 6
The New Tourism: U.S. Market, 1982 8
Visitors to Canada by Region/Province, 1983 10
Canadian Tourism Product Maps 12,14
Rating of Canadian Tourism Product 16
Selected Examples of Canadian Tourist Destinations, by Calibre and Stage of Development 18
Glossary 20
Marketing American Tourism 22
Canadian Person Nights Spent in Sun States, 1983 24
Convention Centres Funding 26
Price Perceptions for Canadian and U.S. Package Tours 28
International Travel to Canada, 1983 30
Assigning Sector Ratios 32
1982 Sector Ratios 32
Travel Economic Contributions, 1983 34
Profile of Hospitality-Related Courses Offered by Canadian Institutions 36
Type of Accommodation by Purpose of Trip, Domestic Travel, 1982 38
Training Levels of the Labour Force, Selected Tourism-Related Industries/Occupations, August 1982 40
Overnight Travel by Mode, U.S. Visitors to Canada, Canadian Visitors to U.S., 1983, Domestic Overnight Travel, 1982 42
Characteristics in Selected Tourism-Related Occupations, 1981 Census 44
Growth in Employment, Selected Sectors, 1972–1983 46
Purpose of Trip to Canada, Visitors Staying One Night or More, 1983 48
Private Sector Associations 50
Accommodation and Source of Receipts, 1982 52
Impact of Tourism on Gross Provincial Product, 1982 54
National Parks/Historic Sites 56

Federal/Provincial/Territorial Promotional Expenditures for Tourism in Canada, 1979/80 to 1983/84 60
Travel, 1983 62
Image of Canada, 1982 64
Length of Stay by Overnight Travellers, 1983 66
Travel Receipts Compared with the Top Seven Export Earning Items 68
Canadian Person-Trips to Countries other than the U.S., 1973–1983 70
Tourism Industry Subsidiary Agreements under GDAs 72
Signed Tourism Industry Subsidiary Agreements under the ERDAs 72
Subsidiary Agreements with Tourism Components 74
Federal Contributions under the Trade and Convention Centre Program 76
Offers Made to Tourism Operations under the Industrial Regional Development Program 76
Tourism Support under Special Federal Initiatives 76
Market Share of International Travel Receipts, Selected Countries, 1972–1983 78
Growth in International Travel Payments and Receipts, 1972–1983 80

PROVINCIAL TOURISM ECONOMIC IMPACTS, 19





Sources: Tourism Canada: Tourism Impact System.
Statistics Canada/Tourism Canada: *Canadian Travel Survey.*
Statistics Canada: *Travel Between Canada and Other Countries:* 66-201.

THE CHANGING MARKET

An International Perspective

Tourism is an important part of Canada's international trade. The tourism industry, which includes both the business and the pleasure traveller, can be expanded by increasing the numbers and expenditures of foreign tourists in Canada and by increasing the number of Canadian tourists who select a Canadian destination instead of a foreign one.

Given the importance of trade in the Canadian economy, exports and import substitution are of particular interest. Together, exports at $3.8 billion and potential import substitution, at an estimated $1.2 billion, represent a total annual market of $5 billion.[1]

And yet Canada is doing poorly in export, or international, tourism. The most telling indicator of Canada's recent lacklustre performance has been the decrease in U.S. travel in Canada. Had that segment continued to grow over the last decade at only half the real growth rate of world tourism, it would have contributed $1.8 billion more in foreign currency earnings for Canada in 1983 alone, creating approximately 58,000 additional direct jobs.

The total number of U.S. visitors to Canada who remained at least one night declined by more than 16 per cent between 1972 and 1983. Visitors travelling other than by automobile increased by almost 63 per cent in the same period, but the volume was insufficient to offset the decline in automobile visitors. The major decline was from the northeast and central United States. The proportion of automobile visitors from these two areas dropped from 66 per cent of total U.S. visitors in 1972 to 53 per cent in 1983. A number of factors undoubtedly affected the automobile travel market: the higher costs of operating a car; the conservation ethic; a reduction in long-distance driving because of smaller cars; and the inescapable fact that reduced U.S. speed limits, well enforced, increased the travel time to reach the Canadian border. Visitors by other modes, mostly air, now account for 28 per cent of overnight visitors, up from just under 15 per cent in 1972.

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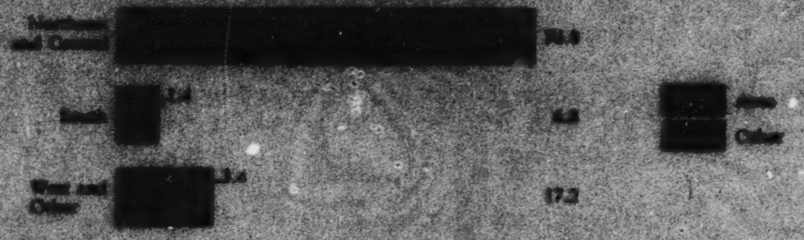
[1] In the tourism industry, "exports" are the result of foreigners entering our country and buying our goods and services. Similarly, "import substitution" refers to Canadians who can be persuaded to buy Canada's tourism products instead of the tourism products of other countries.

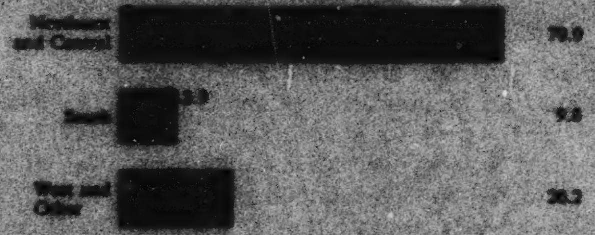
[illegible]

Percentages

SHARES – 1972



SHARES – 1983



SHARES – 1972, 1983

	1972	1983
Total Auto	85.3	71.6
Total Other Modes	14.7	28.4

Source: Statistics Canada: Unpublished Data.

Overnight visitors from foreign countries other than the U.S. represent 13 per cent of the total and account for about a quarter of Canada's tourism exports. The number of visitors from countries other than the U.S. has more than doubled between 1972 and 1983. In the first 10 months of 1984, overnight visitors to Canada from the U.S. increased by 3.7 per cent, and those from all other countries increased by 6.0 per cent, for a total increase of 4.0 per cent over the same period last year.

But the overall picture from 1980 to 1983 has been one of declining receipts. Total receipts from foreign countries, in constant dollars, were stable (1980–1981) or declined. Although receipts increased in the first nine months of 1984, they were offset by increased spending abroad by Canadians.

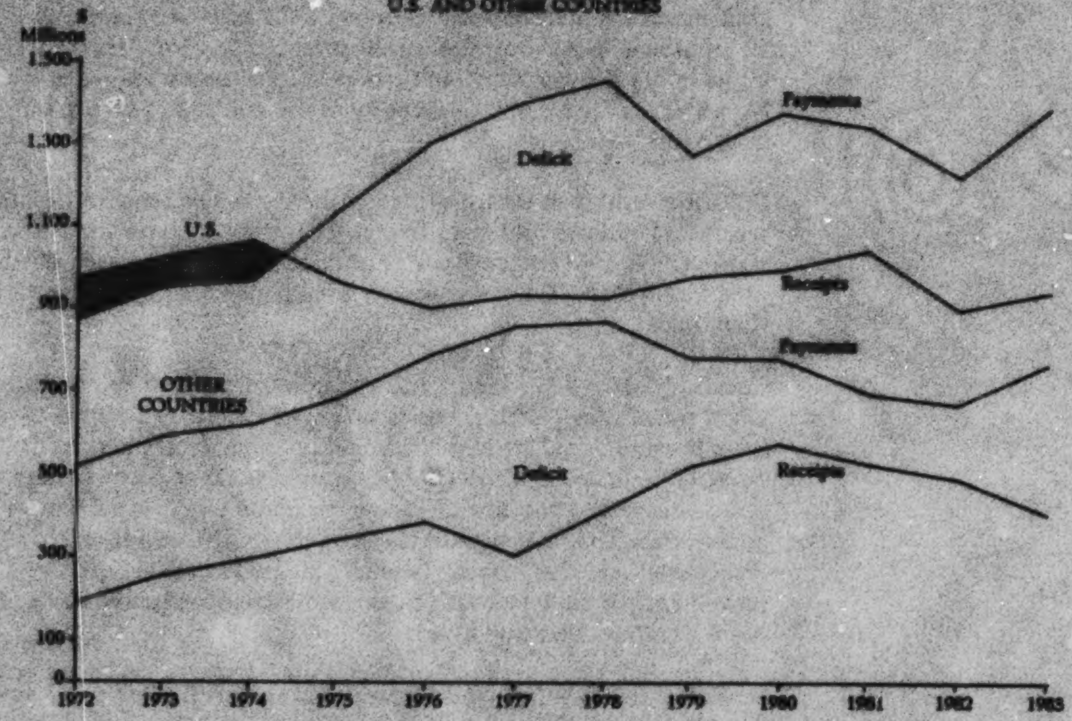
Tourism markets have changed enormously in recent years. The days when tourism in North America was synonymous with auto touring have been replaced by highly competitive, highly segmented tourism markets demanding a mélange of brightly packaged experiences from special resorts to sports and fitness to theme tours to wilderness adventures. The new style of the modern tourist reflects higher disposable incomes, smaller families, longer life spans, earlier retirement, changing social values, two-earner households and often, more than one vacation a year.

Similarly, the meetings and conventions market has changed over the past decade. The choice of location is no longer determined solely by the existence of convention facilities; the attractiveness of the "package" offered by the host community is also highly relevant.

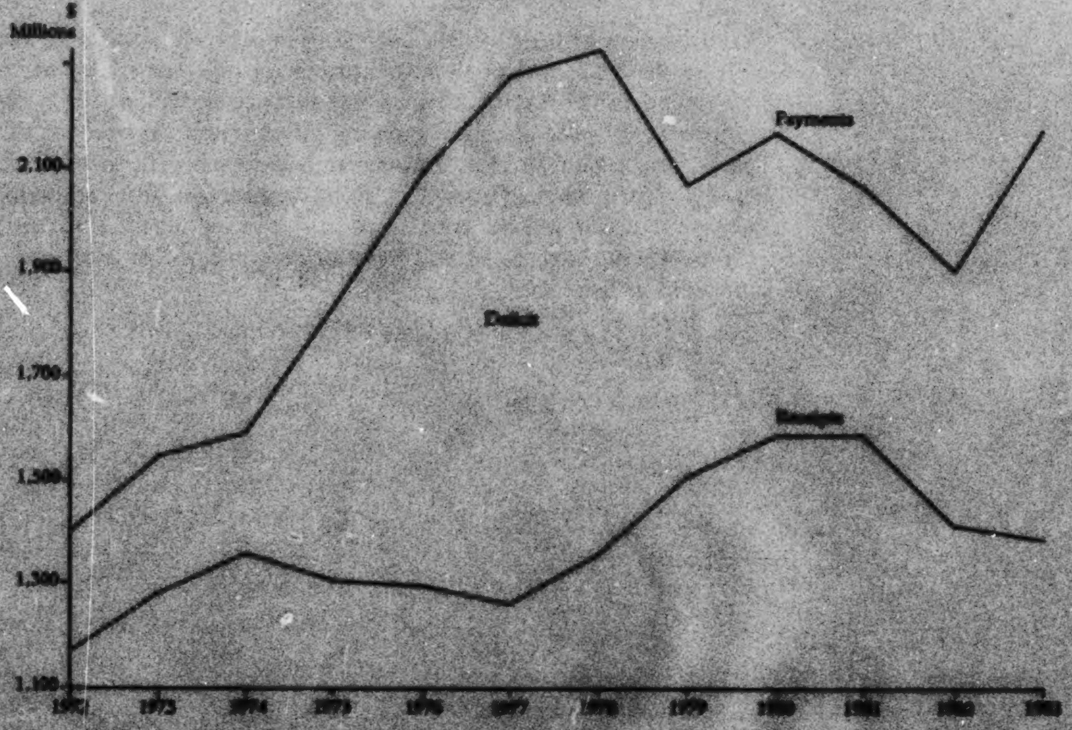
The evolution of tourism has been supported by a number of factors. Among them are: relatively lower prices for both air transportation and "packaged travel"; demand for long-distance travel, which is very responsive to price changes; growing government support for the sector; and a high level of innovation and investment in product development and marketing by the private sector. The competition is keen now and it will become fierce in the years ahead. If Canada is to play in the big leagues, it will have to be equipped to meet the competition head on.

CANADA'S TRAVEL RECEIPTS AND PAYMENTS, CONSTANT 1971 $ CANADIAN

U.S. AND OTHER COUNTRIES



ALL COUNTRIES



Source: Statistics Canada. Travel Between Canada and Other Countries 66-201 and 66-001.

Hand in hand with Canada's loss of market share of world tourism receipts is the widening deficit in the travel account of the balance of payments, which includes both business and pleasure travel and international fares. The deficit was $2.2 billion in 1983, about three times greater, in real terms, than it was 10 years earlier. Of concern is not only the size of the deficit but also its rapid rate of growth in recent years.

On a more encouraging note, the deficit, in real terms, has remained stable for the first nine months of 1984 compared with the same period in 1983, with increases in travel receipts from the U.S. neutralized by higher payments to other countries.

Is Import Substitution a Possibility?

Could retaining more vacationing Canadians in Canada significantly modify the performance of the travel sector? Canadians spent $6 billion abroad in 1983. If only half of them had taken a Canadian vacation instead, domestic tourism receipts in 1983 would have increased to $17.7 billion instead of $14.7 billion (up from $3.2 billion in 1971). The growth rate would have been 15.3 per cent per annum instead of 13.6 per cent. Is this fertile ground for policy or programs over the next decade?

An analysis of where Canadians went and what they did indicates that the possibilities for import substitution are modest. What many of these travellers want, Canada cannot offer. Nearly half of Canadians' travel expenditures in the U.S. are spent in the winter sun destinations: Florida, California, Hawaii and Arizona. And the percentage is growing. Those who choose New York City or the gambling attractions of Nevada and New Jersey do not have comparable Canadian alternatives. Nor can Canada easily compete for the estimated 15 per cent of Canadians who travel to other foreign countries to see their unique attractions or to visit friends and relatives.

That leaves about 20 per cent of outbound Canadians, with expenditures of about $1.2 billion, who could perhaps be persuaded to vacation at home. As would be expected, these customers are dispersed both regionally and in the products they seek. For some, import replacement efforts have to confront geographic realities: Vancouver skiers can get to areas in Washington State as easily as to Whistler; the beaches of Maine are closer to Montreal than those of New Brunswick and Prince Edward Island. Continued upgrading of Canadian attractions to provide a range of competitive destinations, and better access, as well as more aggressive merchandising, will be required to improve our international competitiveness and to retain a larger share of Canadian vacationers.

BALANCE ON INTERNATIONAL TRAVEL ACCOUNT: SELECTED COUNTRIES [illegible]

(preliminary)

	Balance	Payments as a percentage of receipts
	$U.S. million	
Negative Balances		
West Germany	−9,572	273
Japan	−3,606	357
United States	−2,757	125
Netherlands	−1,828	229
Canada	−1,333	152
Norway	−915	238
United Kingdom	−607	111
Sweden	−552	152
Belgium	−384	122
Australia	−259	126
Positive Balances		
Italy	+7,211	20
Spain	+6,002	13
France	+2,948	59
Austria	+2,225	52
Switzerland	+852	73
Greece	+810	31

Note: Excludes international fares.
Source: Statistics Canada, 66-201

The New Tourism

If ever it were true that tourism was largely a matter of the family and their dog getting into a station wagon and driving to a cottage by the lake for the weekend, the stereotype is no longer valid in today's fast-changing market.

The expression "the whole is greater than the sum of its parts" aptly describes today's successful travel package. A modern travel experience is more than the transportation, the attractions, the food and the accommodation: it is a combination of all factors selected as a package.

Tourists seek, as much as anything else, an "experience". It could be an adventure, a taste of history or tradition, living in style for a while, or simply, a total escape from the familiar through a change of surroundings and activities. In short, today's tourists are like consumers of all other goods and services: they are more demanding, more discriminating and more eager than ever to purchase variety in an enticing package.

Tourism products are an amalgam of attractions and services — what the industry calls a travel generator. There may be a central magnet, say a beach or mountain or some other natural attraction; Niagara Falls is a classic case in point. Alternatively, the travel generator may be a set of smaller attractions prized for their collective appeal.

Tourists tend to be attracted to a particular place because of specific "brand names" they have read or heard about, often from early childhood. They go to New York not merely to see the big city but, rather, to see particular things like the Empire State Building and the Statue of Liberty. Similarly, they go to London to see the Tower of London, Buckingham Palace and Harrods. The quality and variety of attractions and the attendant uniqueness of experiences are at the core of a travel generator. To be successful, though, these core attractions must be supported by quality ancillary services at affordable prices.

More, and more varied, travel generators mirror the ever-increasing fragmentation of consumer demands reflected in the diversity of attractions catering to specific target groups (e.g., skiers, scuba divers, anglers) and to the increasing numbers of tourists who continually seek new experiences.

Vacation Attributes Considered Very Important by Segments

Vacation attributes very important to:

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

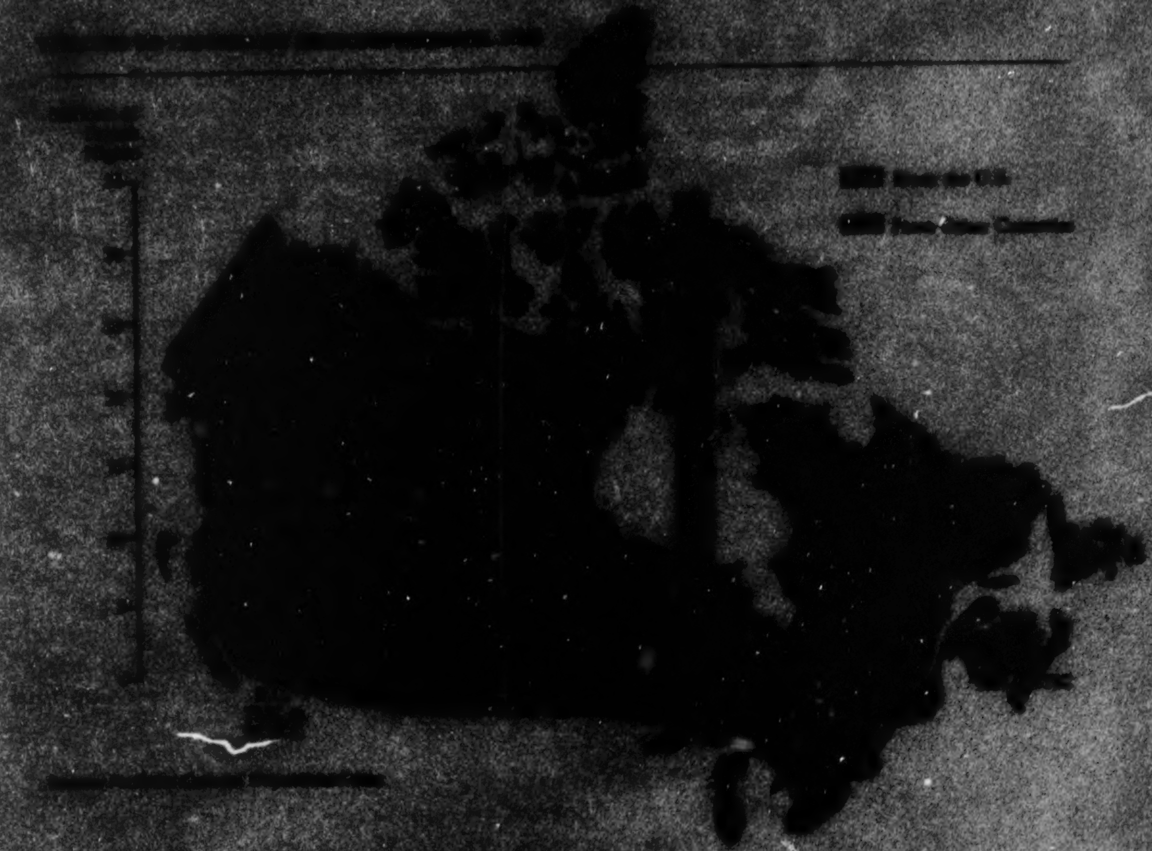
The use of segments illustrates the variety sought by different types of pleasure tourists. The four attributes common to all segments are critical and must be in place before the other attributes have any real significance.

[illegible] Canada in the United States prepared for [illegible] Bank of Canada [illegible] 1985.

The Alpine skier of today could well want to take a wind-powered cruise tomorrow; the retiree now interested in Mayan ruins could seek a midnight-sun cruise next. The diversification of tourist experiences, even within formerly well-defined target groups, reinforces the widening range of product offerings coming in the wake of the increased differentiation of tastes, lifestyles, and means to indulge them. The Canadian competitive position has deteriorated because we have failed to ensure that products meet the most demanding of international standards; we have failed to market our products effectively; and we have failed to diversify to meet evolving demand.

When Canadian tourism began in the late 19th century, it was based on natural assets accessible mainly by rail and steamship (scenery, outdoor activities such as fishing and boating, and summer cottaging). The post-war fashion was auto touring, which led to strip development of attractions and accommodations along Canada's highways. Such auto touring began to wane in the late 1960s, when jets made long-distance air travel competitive. Attention then turned to the one-stop vacation (ski areas, beach resorts, cities) and "package" products, usually based on a theme and with the package price including fares, accommodation and meals. Theme parks appeared along with major events such as Expo '67 and cultural attractions such as the Stratford Festival.

By the mid-1960s, the pace of development had accelerated. Spurred by unprecedented affluence, tourism became a growth industry. Commercial development goals changed with the oil crises of the 1970s, which increased the demand for closer-to-home destinations and more one-stop vacations. Some resorts experienced a revival by offering full recreational services, entertainment, package rates, and quality accommodation. The competitive pace was set by new or revitalized resorts like Vail, Chamonix and, in Canada, Mont Tremblant. Major travel generators were created; large-scale projects were geared specifically to tourism (e.g., Disneyland and Walt Disney World).



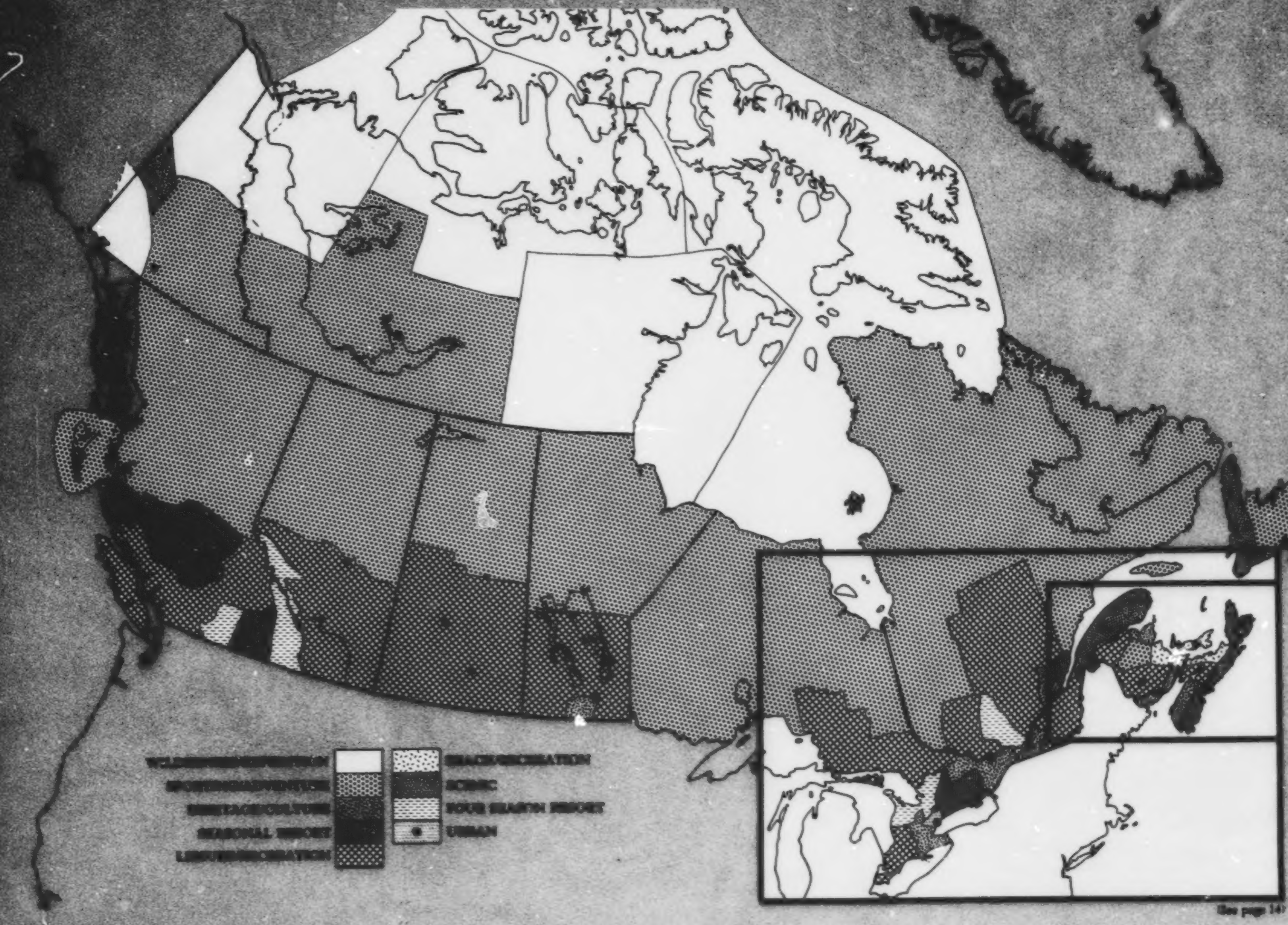
Developments sprang up in Whistler, the Muskokas, and Mont Ste-Anne. At the same time historical villages (e.g., Upper Canada Village), theme and amusement parks (e.g., Canada's Wonderland), massive urban restorations (e.g., Quebec, Vancouver, Montreal), and waterfront rejuvenations (e.g., Toronto, Halifax), proceeded.

The 1970s entrenched the concept of clustering products and services in specific vacation destinations.

The 1980s, with high unemployment and associated income loss, intensified the competition for available tourism dollars and placed new premiums on planning and marketing. Innovation produced a new set of differentiated travel products related to skills and changing interests (e.g., computer camps, cooking schools, river rafting expeditions).

In today's highly competitive market, successful major developments must be based on quality market research that identifies potential demand or consumers' needs and willingness to pay. The product must then be marketed aggressively among the target clientele. When identifying destinations or attractions with the greatest potential to increase travel receipts for Canada, product quality and marketability are key factors. One without the other — or worse still, the absence of both — is a prescription for failure.

CANADIAN TOURISM PRODUCT MAPS


WILDERNESS/EXPEDITION
SPORTING/ADVENTURE
HERITAGE/CULTURE
SEASONAL RESORT
LEISURE/RECREATION
BEACH/RECREATION
SCENIC
FOUR SEASON RESORT
URBAN

(See page 14)

THE CANADIAN PRODUCT

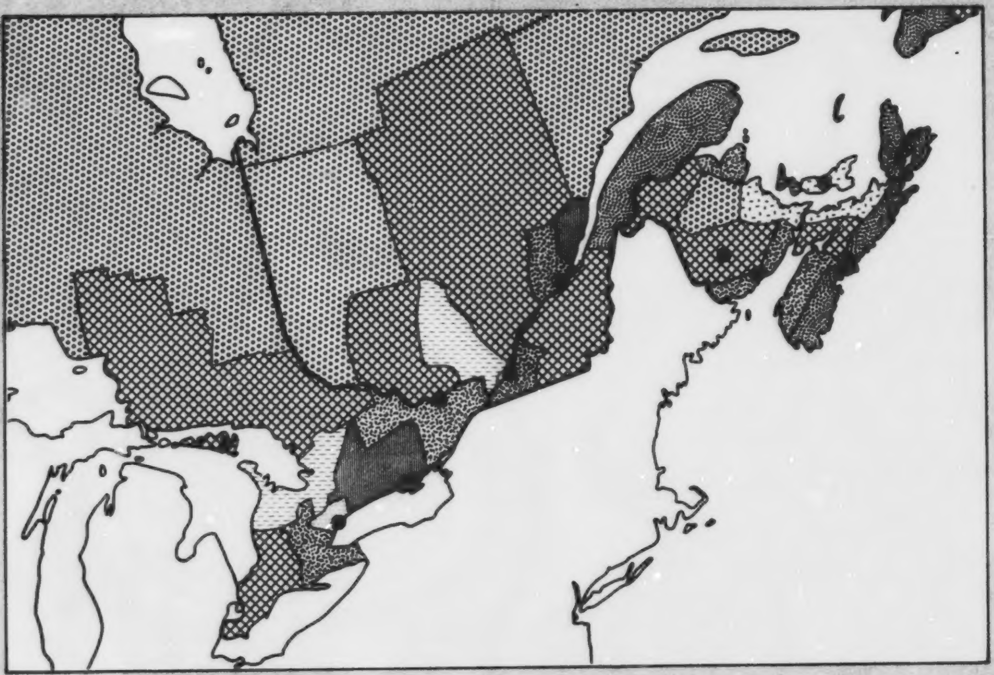
When Canada's tourism industry is measured against international competition, the results demonstrate that some of our products have a comparative advantage. That is, they are world class and can remain so. If Canada's tourism assets are to meet stiff competition around the world, we must be able to measure our products by some international standard that can help us make specific investment and marketing decisions. The following analysis is preliminary and is intended not as the last word, but as an illustration of what is required.

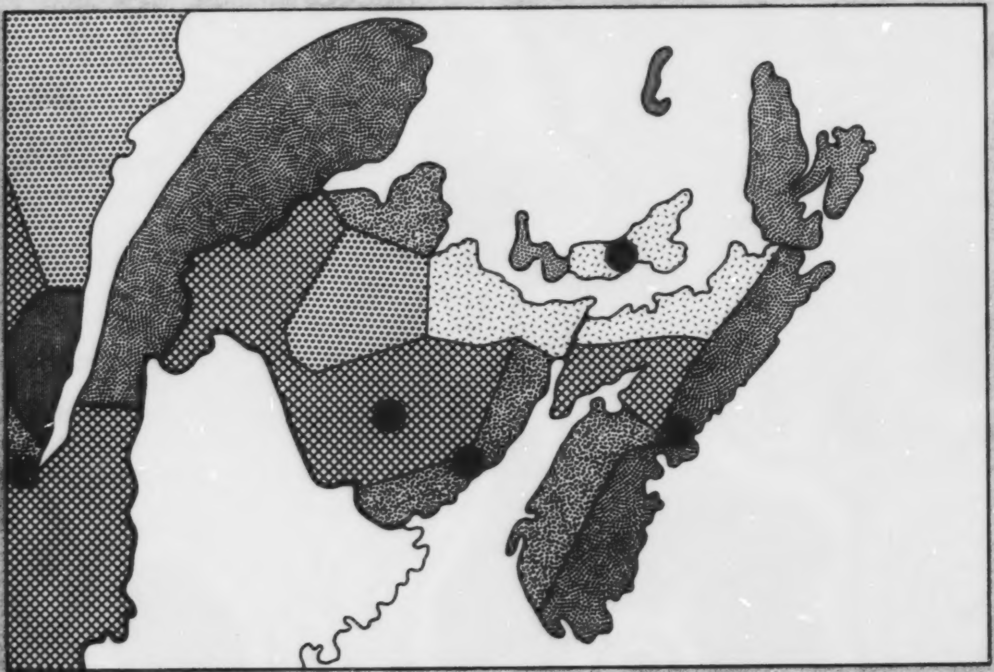
A review of tourism products, from an international perspective, identified eight major categories into which Canada's tourism regions could be classified. They are: wilderness/expedition; sporting/adventure; leisure/recreation; beach/recreation; heritage/culture; urban; resort; and scenic. (Definitions page 20). Other major categories are possible and all categories could easily be subdivided.

The aforementioned regions are classified according to their *predominant* pleasure tourism characteristics. Secondary and tertiary characteristics would be identified in later phases of the analysis. For example, although the areas of Yukon along the Alaska highway could be classified as scenic because of the natural characteristics and the flow of visitors along the corridor, the predominant character of the southern Yukon is sporting/adventure. Maps indicating the categorization of each region are shown on pages 12, 14 and 16.

Canada's range of tourism products compares favourably with that offered by the international competition even if the Canadian product may be very different from the foreign one in the same category. For example, Canada's Arctic and the Amazon jungle would both be classified as wilderness/expedition. An Arctic safari and an Amazon safari are obviously different but both could appeal to the same adventure-seeking tourist.

Of the eight groupings, the preliminary analysis indicates that Canada's most internationally competitive products are in wilderness/expedition, resort and urban. The first two obviously rely heavily on the quality of Canada's natural assets. Most of our products that are competitive in North America are in the sporting/adventure category and are based on natural assets.





WILDERNESS/EXPEDITION
SPORTING/ADVENTURE
HERITAGE/CULTURE
SEASONAL RESORT
[illegible]
BEACH/RECREATION
SCENIC
FOUR SEASON RESORT
URBAN

To rank Canada's products against the international competition, four arbitrary levels were created, based on the uniqueness or competitive characteristics of the product.

- *Category A* — a unique or superior world-class tourism product able to draw visitors from around the world.[1]
- *Category B* — a quality tourism product competitive with similar major products throughout North America and, therefore, likely to generate visits from North American markets.
- *Category C* — tourism products competitive within Canada and able to attract and accommodate tourists from neighbouring provinces and states.
- *Category D* — a local recreation product likely to draw tourists only from the community in which it is located.

In some instances, the capacity to improve is clear. For example, Southwest Saskatchewan is in category C, but the development of Grasslands National Park could raise it to category B.

All products except category D could move down in their rating through neglect or changes in consumer preference, but not all could move up because some lack the basic physical characteristics necessary for broader appeal. For example, a small hill will not grow into a Whistler.

The first steps focused on tourism regions and the results of that analysis can only be used for very broad decisions such as what type of product to feature in general advertising or what type of product is unique to Canada and should be supported. The analysis could not, for example, identify specific destinations within a region that do not conform either to the overall product category or to the overall product ranking. For example, the UNESCO World Heritage Site, l'Anse-Aux-Meadows, is a category A heritage product in a category C scenic region.

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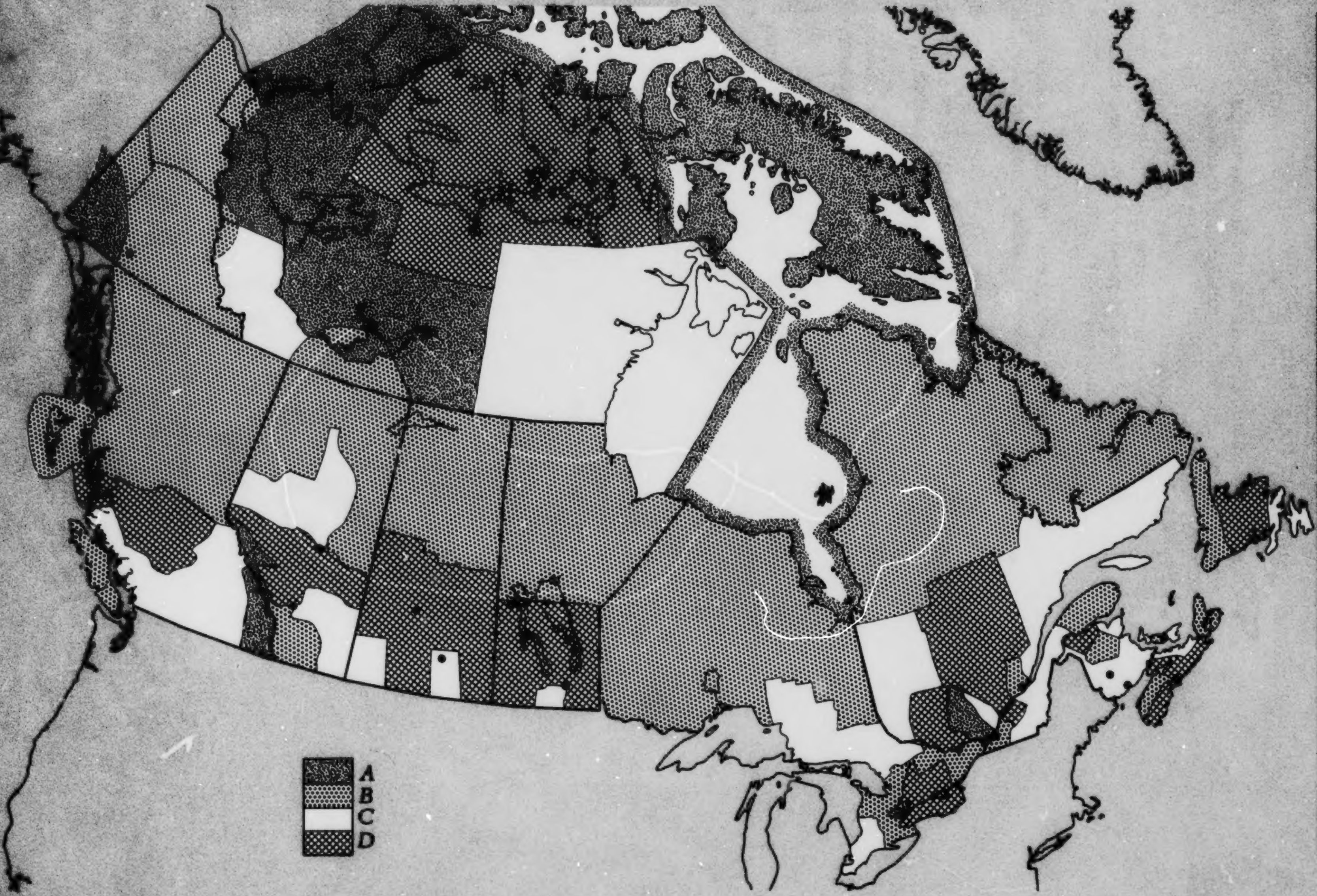
[1] If Canada is to benefit from its category A and B products, *product differentiation* must be stressed; that is, those features that set the products apart because they are either unique or superior to the international competition, or at least on a par with it.

RATING OF CANADIAN TOURISM PRODUCT



Specific development decisions could be made only if the process were refined. As an example of such refinement, particular products within tourism regions have been classified according to their stage of development. The stages suggested are:

- *Immature* — product is primitive; lacks infrastructure, access, services and accommodation. It requires major development.
- *Developing* — product has been adequately developed, but ancillary visitor services are required.
- *Developed* — product, infrastructure and ancillary services are fully developed, but maintenance, modernization and upgrading are required.
- *Declining* — product, infrastructure and services have deteriorated due to lack of maintenance or a failure to address changing market requirements. Major revitalization is required.

The identification of specific destinations and their classification in terms of product quality and stage of development, shown on the following page, is based on empirical analysis but is not a complete or definitive listing of primary Canadian destinations. It is designed to stimulate discussion of a conceptual approach.

Of the category A developed destinations, five are major urban centres (Vancouver, Toronto, Ottawa, Québec City and Montréal), two are major resort areas close to Vancouver and Montréal (Whistler and the Laurentians), and two are in the Rocky Mountains (Banff and Jasper).

Niagara Falls, Miramichi fishing, the Laurentians, the Gaspé Peninsula and the Muskokas have been classified as declining areas, on the downside of their product development cycle. Indeed, substantial development or restoration is required, including new or renovated hotels and restaurants, additional visitor services, and new recreational activities or changes in product availability to enable them to attract and satisfy the number of visitors they have accommodated in the past. For example, Miramichi fishing is in decline because low levels of Atlantic salmon fish stock have required authorities to limit sports fishing quotas. An improvement in fish stocks would move Miramichi back from declining to developed.

SELECTED EXAMPLES OF CANADIAN TOURIST DESTINATIONS, BY CALIBRE AND STAGE OF DEVELOPMENT

	[redacted]	Developing	[redacted]	Declining
Category A	[redacted]	Louisbourg Pacific Rim B.C. Rocky Mtns Churchill Northern Manitoba Northern Sask	[redacted]	Laurentians Niagara Falls
Category B	[redacted]	Stratford St. John's 1000 Islands Windsor/ Pt. Pelee Okanagan Ski Winnipeg Collingwood Midland Magnetic Hill Eastern Townships Riding Mountain National Park Dawson City Whitehorse/ Carcross Gull Harbour Area	[redacted]	Muskoka Gaspésie Miramichi Fishing
Category C Transitional*	[redacted]	Sault St. Marie Eastern Precambrian Regina Orillia Annapolis Valley Yellowknife Corner Brook King's Landing Saskatchewan River Heritage Area Lunenburg Lake Winnipeg Beaches Charlevoix	[redacted]	

*Category C product capable of moving up to category B or A.

Of the 21 category A destinations, five are immature. Four of them are north of 60°: Nahanni, Kluane, Pangnirtung and the Western Arctic, and the fifth, l'Anse-aux-Meadows in Newfoundland, is far from markets. Heavy investment would be required to develop such immature areas because many of them lack basic infrastructure like roads, sewers, airports and visitor services. The cost of development would have to be weighed against the likely limited return. In the case of the areas north of 60° environmental considerations would limit the possibilities for development.

Some perspective is required in assessing the revenue potential of immature areas. Building roads, airports, hotels, restaurants and other tourist facilities would not necessarily give these out-of-the-way attractions mass market appeal, no matter how exciting and unique they are. Developed to their potential, though, these areas are capable of attracting high-spending, special interest tourists to help meet the growing consumer demand for distinctive products.

In any analysis, it will be clear that tourism is not a footloose industry where government assistance can overcome problems of site selection, for example, distance from suppliers or markets. Rather, tourism more closely parallels primary industries in the sense that resource availability is a major factor in site selection (e.g., for windsurfing, tuna fishing, mountain climbing and boating). If the essential ingredient does not exist, it is difficult to create it, although there are notable exceptions like the artificial lakes and other "natural" phenomena associated with Walt Disney World. Most of the exceptions, however, have the advantage of proximity to large population centres. Thus, the most competitive tourism products may not always be located where the government is most eager to spend industrial development money to reduce regional economic disparities. Today's big travel generators are usually born, not made.

Among developing destinations, Stratford illustrates the opportunities. Although not internationally unique, the Stratford Festival has significant potential to increase its draw as a category B (i.e., North American) travel generator. The Festival is accessible from major population centres and already draws about half its visitors from the international market. But the town itself has a shortage of accommodation.

GLOSSARY

TOURISM PRODUCT CATEGORIES

Sporting/Adventure: An outdoor product, found primarily in sparsely populated areas catering to extended visits and characterized by outdoor activities like hunting, fishing, camping and canoeing, e.g., the types of products found in Northern Minnesota, Northern Manitoba and salmon fishing in Scotland.

Wilderness/Expedition: The true wilderness product, characterized by trophy hunting, fishing, safaris, rugged and unforgiving terrain, e.g., Canada's Arctic, Northern Alaska and the Amazon Jungle. Very inaccessible, visitors generally require specialized equipment and qualified guides.

Leisure/Recreation: A leisure oriented recreational product, easily accessed by local populations and suitable for day trips. These areas are characterized by numerous small scale recreational and cultural products designed to cater to local populations, e.g., Northern Michigan and Southern Ontario.

Beach/Recreation: Recreational product built on beach resources. Similar to leisure/recreation but with a more significant destination area character to encourage extended visits, e.g., South Carolina beaches, Prince Edward Island and the French Riviera.

Heritage/Culture: Primary features of tourism region are based on either heritage or cultural travel generators and themes, e.g., Dawson City, New Orleans, Athens.

Urban: Significant urban experience. Cities evaluated as local urban product were not classified as tourist destinations.

Resort: Tourism product characterized by numerous activities and considerable accommodation plant, either contained in a central or major resort product or in groupings of more numerous, smaller products, e.g., the Laurentians, the Poconos, Majorca. For analysis of the Canadian product this category distinguishes between Four Season and Seasonal Resorts.

Scenic: An area characterized by an amalgam of small scenic, heritage and cultural resources, without a destination, travel generator, e.g., the Gaspé Peninsula and the Lake District.

Among developed areas, Prince Edward Island stands out as a good example. The whole province, in fact, is designated as a tourist destination and the central zone is rated category B. Indeed, given Prince Edward Island's distinctive geographic characteristics (deep red soil, magnificent beaches and world famous food such as Malpeque oysters) not to mention the fame of its heroine, Anne of Green Gables, especially in countries like Japan and England, the Island could enjoy much greater success as an international drawing card. Further development of the Island as a travel destination, however, will depend on the identification of precise target markets from which the province can increase both the numbers of visitors and the amount they spend. Other areas currently in category B could benefit from a similar approach. Japan is an obvious target market for certain parts of Canada, from one coast to another, because of Japanese interest in them. Other target markets could be cited for various reasons, including cultural and commercial ties.

Product assessment is needed to identify key Canadian tourism products that will help to increase exports and import substitution.

The type of analysis and extent of detail will differ according to requirements. Federally, a national overview is required. Provincially, the analysis will need to be more geographically focused. For the private sector, the analysis will have to concentrate on specific projects. The different levels of analysis need not be mutually exclusive. In fact, they could be compared to building blocks, with the national overview providing a foundation for more detailed analysis at the regional and project levels.

Tourism Budgets of U.S. States

Amount ($U.S. thousands) State	1974/75	1983/84	Ratio 1983/84 ÷ 1974/75
[redacted]	[redacted]	[redacted]	[redacted]
Tennessee	1,300	5,575	4.3
South Carolina	1,650	5,249	3.2
Ohio	161	5,000	31.1
Virginia	1,787	4,686	2.6
Illinois	571	4,475	7.8
[redacted]	[redacted]	[redacted]	[redacted]
Louisiana	1,419	3,699	2.6
Oklahoma	1,077	3,629	3.4
Kentucky	1,500	3,517	2.3
Massachusetts	1,633	3,500	2.1
Colorado	754	3,500	4.6
[redacted]	[redacted]	[redacted]	[redacted]
Utah	[illegible]	2,228	2.2
Nevada	350	2,172	6.2
Maryland	856	2,038	2.4
Wisconsin	600	2,006	3.3
Mississippi	772	1,799	2.3
[redacted]	[redacted]	[redacted]	[redacted]
Oregon	[illegible]	1,276	1.9
Montana	750	1,269	1.7
New Hampshire	414	1,263	3.1
Nebraska	198	1,138	5.7
Indiana	322	1,109	3.4
[redacted]	[redacted]	[redacted]	[redacted]
Kansas	146	622	4.3
Iowa	271	600	2.2
Delaware	129	577	4.5
Maine	361	500	1.4
California	400	492	1.2
[redacted]	[redacted]	[redacted]	[redacted]

Notes: District of Columbia is not included.
e: Estimate.

Source: U.S. Travel Data Center, Washington, DC.

THE COMPETITION

If there was ever any doubt that international tourism is big business, it has been dispelled by recent developments:

- The World Tourism Organization estimates that in 1983 there were between 3.0 and 3.5 billion tourist arrivals world-wide. While the great volume of these were domestic tourists, about 285 million international tourists spent close to $125 billion.
- In nine years, from 1974 to 1983, Switzerland's tourism budget has increased seven-fold to $51 million. Brazil's has increased nine-fold to $79 million. Spain's has quadrupled to $65 million and West Germany's has doubled to $13.5 million.†
- Fifty-seven national tourist organizations now have representatives in Canada at 71 locations. It is estimated they are spending about $15 million a year to lure Canadians abroad. Most of them plan at least modest budget increases and some plan substantial increases. These organizations also compete for U.S. tourists. The 23 national tourism organizations that are members of the European Travel Commission spend about $50 million in the United States.
- In 1983, Australia's tourism promotion expenditures in Japan were close to $800 thousand compared with Canada's $220 thousand.
- The United States Travel and Tourism Administration's budget was increased from $8.1 million in 1983 to $12 million in 1984, and is expected to reach $16 million in 1985. These figures are dwarfed by the combined tourism budgets of the individual States, which in 1983–84 were $146.5 million, more than triple the 1974–75 level in current dollars.†
- From 1974–75 to 1983–84, Ohio has increased its tourism budget from $161 thousand to $5 million. During the same period, Illinois has had an eight-fold increase to $4.5 million. Florida's budget has more than tripled to $8.9 million, Michigan's has almost quadrupled to $6.9 million, and the tourism budgets of many other States have expanded similarly.†

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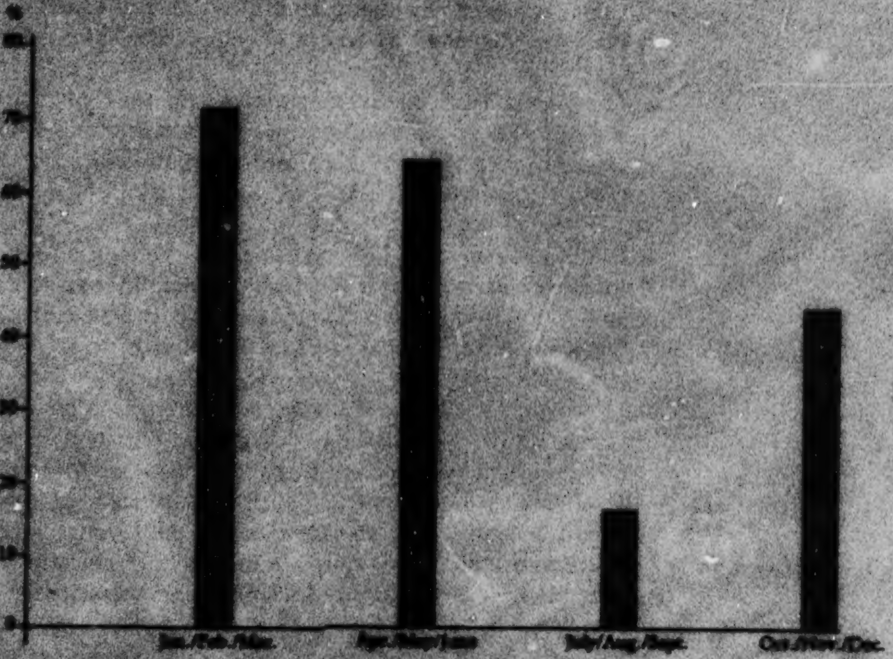
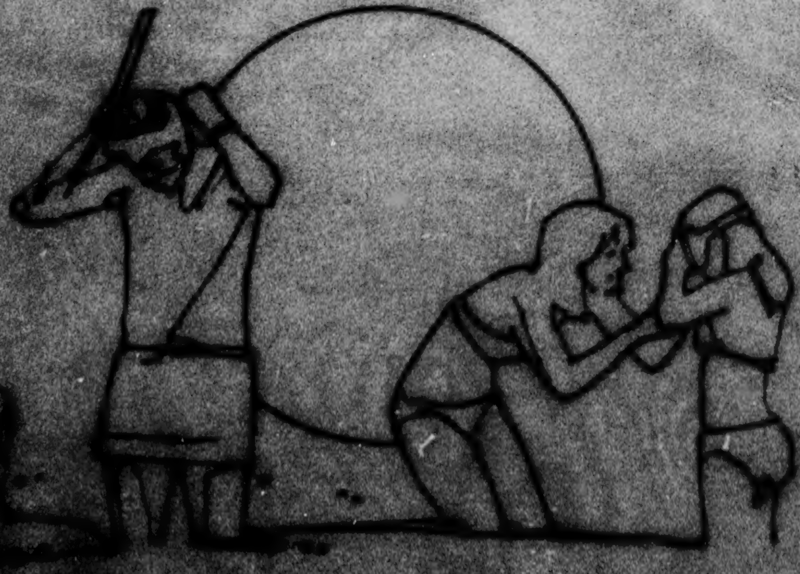
†Amounts shown in this paragraph are in U.S. dollars.

CANADIAN PERSON NIGHTS SPENT IN SUNBELT STATES
AS A PERCENTAGE OF TOTAL PERSON NIGHTS SPENT IN THE U.S., 1983



Sun States: Arizona, California, Florida, Hawaii, Louisiana, Mississippi, New Mexico, Texas.

Source: Statistics Canada: Unpublished data.



- Data on total private sector tourism advertising in the United States are unavailable, but there are numerous indications that private sector spending has also expanded. Advertising expenditures of airline and steamship companies increased by 34 per cent (in constant 1971 dollars) from 1978 to 1982 inclusive, reaching a total of $548 million.†

The U.S. tourism program was reorganized three years ago when President Reagan signed into law the National Tourism Policy Act. It gives the United States Travel and Tourism Administration the mandate to foster travel to the United States from abroad as a "stimulus to economic stability and to the growth of the U.S. travel industry, to reduce the nation's travel deficit".[1]

Italy, Spain, Greece and some other countries have had sophisticated tourism programs for many years. Other European countries that long regarded tourism as a matter solely for the private sector now view it as fertile ground for social or economic policy, especially since the oil price shocks and the recession. The governments of France, Germany, Britain, Belgium, and to a lesser extent the Scandinavian countries, have given tourism a much bigger economic role than ever before, especially in increasing employment and exports.

Of special interest is the European tendency to see tourism policy as primarily a matter of marketing. Since 1973, governments have emphasized promotional measures to influence demand. The efforts have become more selective and directed toward specific markets. Nevertheless, important tourist-destination countries such as France and Switzerland have also implemented comprehensive tourism product development plans to serve both domestic and foreign markets. Major redevelopment of Brittany and the Northwest beaches are cases in point.

The most significant factor is the attitude of the governments of our chief competitors. Even in a period of government cutbacks, they have become much more aggressive in promoting tourism.

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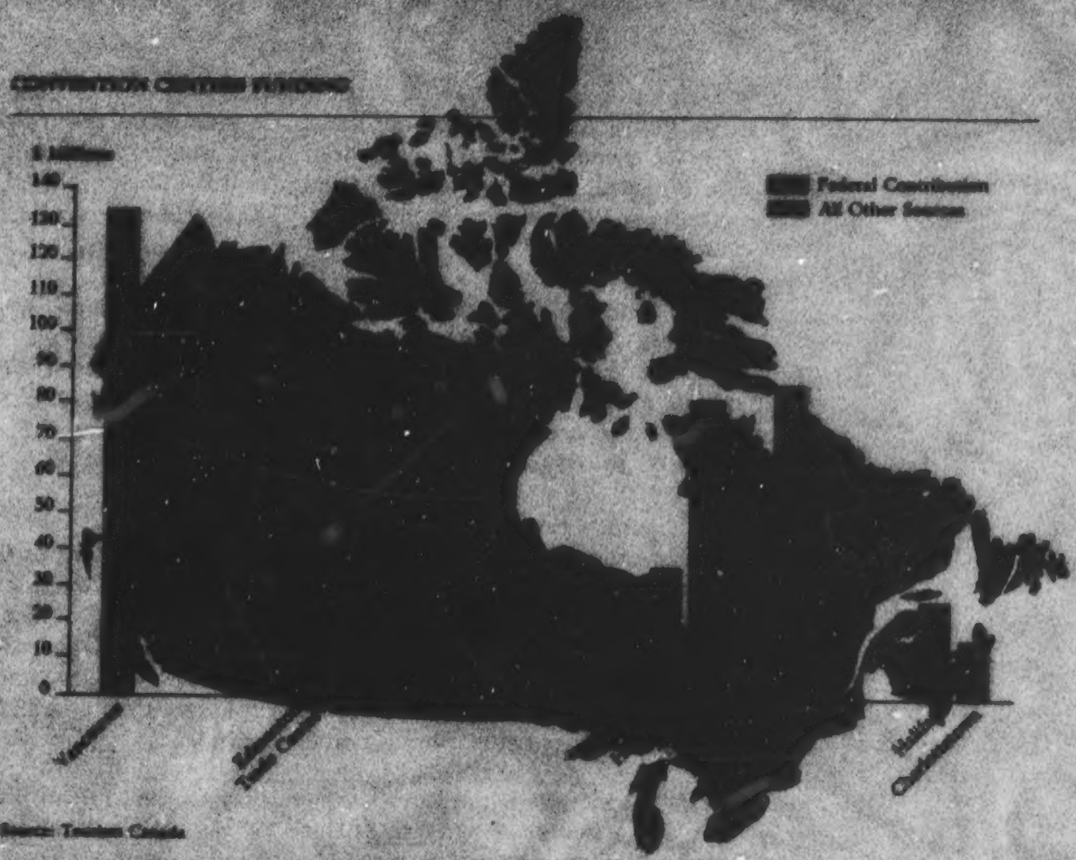
†Amounts shown in this paragraph are in U.S. dollars.

[1] *Second Program Report of the United States Travel and Tourism Administration*, U.S. Department of Commerce, 1983.

CONVENTION CENTRES FUNDING



Source: Tourism Canada

Canada's main competitor, and principal customer, is the United States. The U.S. is the major tourist attraction for Americans themselves and the world's biggest single attraction for tourists from both Europe and Asia. Canada gains merely from being next door; indeed, over half our overseas visitors in 1983 entered Canada via the United States. Given the number and variety of its tourism products, the United States is a tough competitor, and getting tougher.

Canada can only partly compete with what the United States has to offer — sun, beaches, exciting international cities, wilderness, gambling, and a deregulated airline industry that has made travel within the U.S. increasingly cheaper. In the winter, Canada cannot match the appeal of U.S. sun-and-sand destinations that are also the primary destinations of other foreign tourists and of Americans themselves. Canada has few products to compete with year-round attractions like Disneyland, Walt Disney World, Epcot, the Everglades and the Kennedy Space Center, not to mention Las Vegas and Atlantic City with their legalized gambling.

What Canada does have that is competitive is space — uncluttered grandeur and uncrowded countryside. These assets have traditionally been Canada's strongest selling point. But Canada is a land of much more than mountains, moose and Mounties. Our country also has large, sophisticated cities — notably Toronto, Montreal and Vancouver — that are competitive with most U.S. cities in the experiences offered, and ours have the added features of safety and cleanliness.

Canada is also well positioned in package tours. In the past few years, different products offered have proved both exciting and successful. It is an area in which Canada should remain competitive.

Moreover, Canada has a large number of world-class convention centres, most of them constructed in the past five years. Canadian facilities have been expanded to the point where Canada competes strongly in the international meetings and conventions market, estimated at $35 billion annually in the United States alone. Our current share of the U.S. market is about two per cent, or $700 million, ranking Canada as the number one country for U.S. meetings held outside the United States. Even a modest increase in our share could add tens of millions of dollars to Canadian travel receipts.

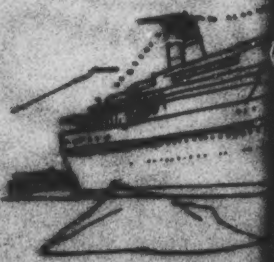
PRICE PERCEPTIONS FOR CANADIAN AND U.S. PACKAGE TOURS

(Perceptions of International Tour Operators and Wholesalers)

(Percentage of Respondents)

Touring/Scenic	23.6	44.1	32.3
Urban/City	23.6	43.1	33.3
Special Interest	30.3	40.4	29.3
Fly/Drive	44.0	40.7	15.3
Other	22.2	27.8	50.0

Transportation		
Air	60.1	39.9
Rail	18.5	81.5
Water	12.0	88.0
Automobile	53.6	46.4
Accommodation		
Deluxe	18.2	81.8
Superior	20.7	79.3
Average	28.1	71.9
Budget	31.5	68.5
Bed & Breakfast	22.2	77.8
Resorts	26.5	73.5
Restaurants		
Deluxe	18.9	81.1
Superior	21.4	78.6
Budget	21.1	78.9
Fast food	28.2	71.8
Events	18.0	82.0
Attractions	20.3	79.7
Outfitting Services	20.0	80.0
Gasoline	50.5	49.5
Alcoholic Beverages	56.5	43.5



Source: Survey Results of International Buyers who attended Rendez-Vous Canada, 1984.

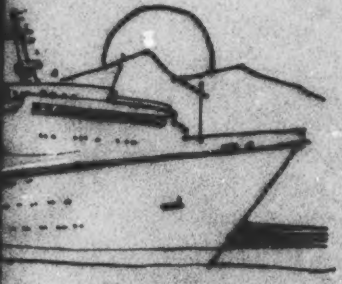
Any assessment of the competitiveness of the Canadian tourism product must address the question of price. One needs to consider not only the actual price but also the price as perceived by the consumer. The two are not always the same.

Travellers tend to choose one destination over another similar one primarily because of the comparative cost of transportation and accommodation. The cost of discretionary items, like local transport, recreation and entertainment, are secondary considerations.

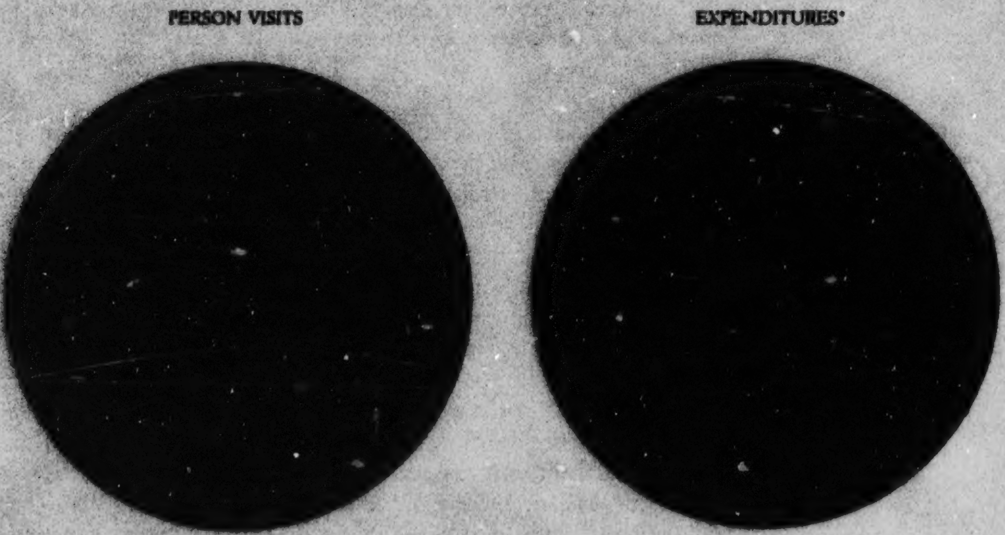
Consumer surveys indicate that in the selection of long-haul destinations, Canada is not perceived to be price competitive with the United States. This perception conflicts with the view of professionals in the industry. For some Canadian package tours, surveys of international tour operators and wholesalers reveal domestic prices are competitive with, or marginally better than, U.S. prices (page 28). While price perceptions vary from one Canadian package tour to another, or from one expenditure item of a tour to another, 76 per cent of international buyers surveyed considered our "touring/scenic" and "urban" package tour prices *competitive* or *more competitive* relative to the United States. For "fly/drive" package tours, 44 per cent of international buyers considered Canadian prices *not quite competitive* with the United States.

Concerning specific components, consumers and international buyers agree that prices of air transport, car rentals, gasoline and alcoholic beverages are not regarded as competitive.

For individuals travelling to visit friends or relatives, a category that accounts for a large portion of total travel, product differentiation will not significantly influence their choice of travel destination. But transportation costs might have a considerable impact on this market. For example, such costs might determine whether Canadians visit other countries or whether friends and relatives, often with lower real incomes than Canadians, visit Canada.

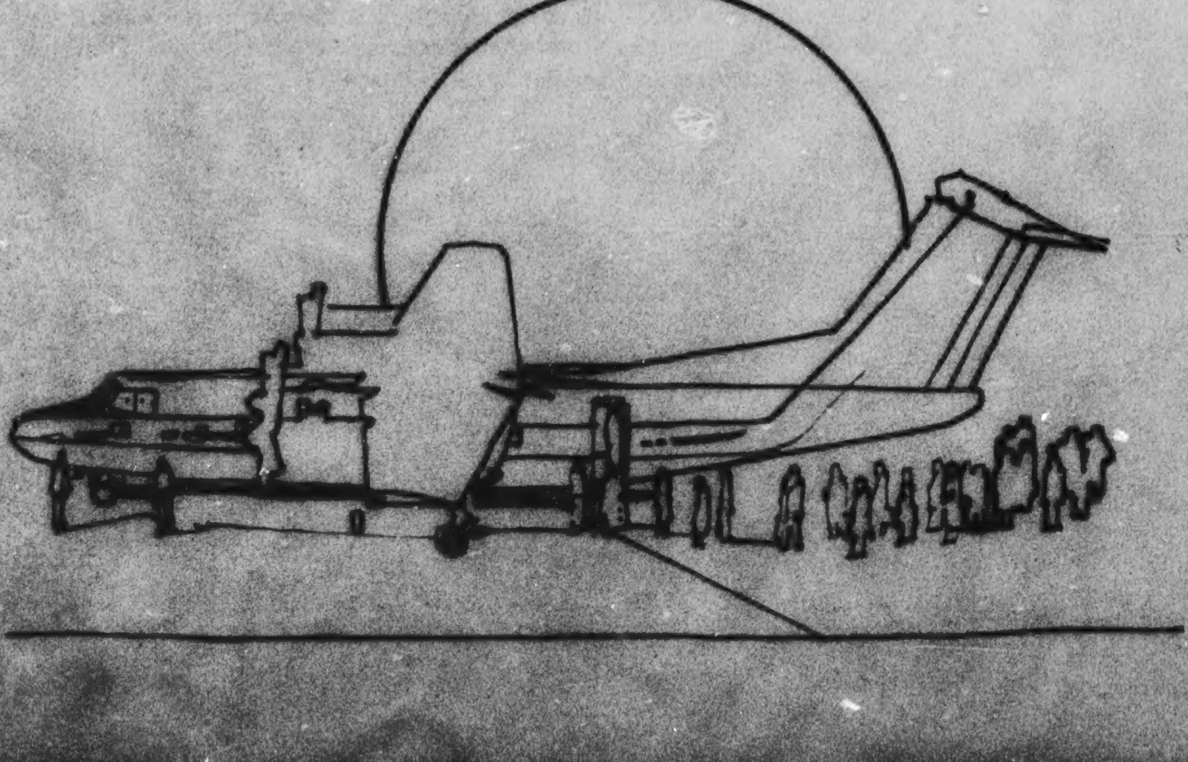


INTERNATIONAL TRAVEL TO CANADA, 1983



*Excluding International Fares

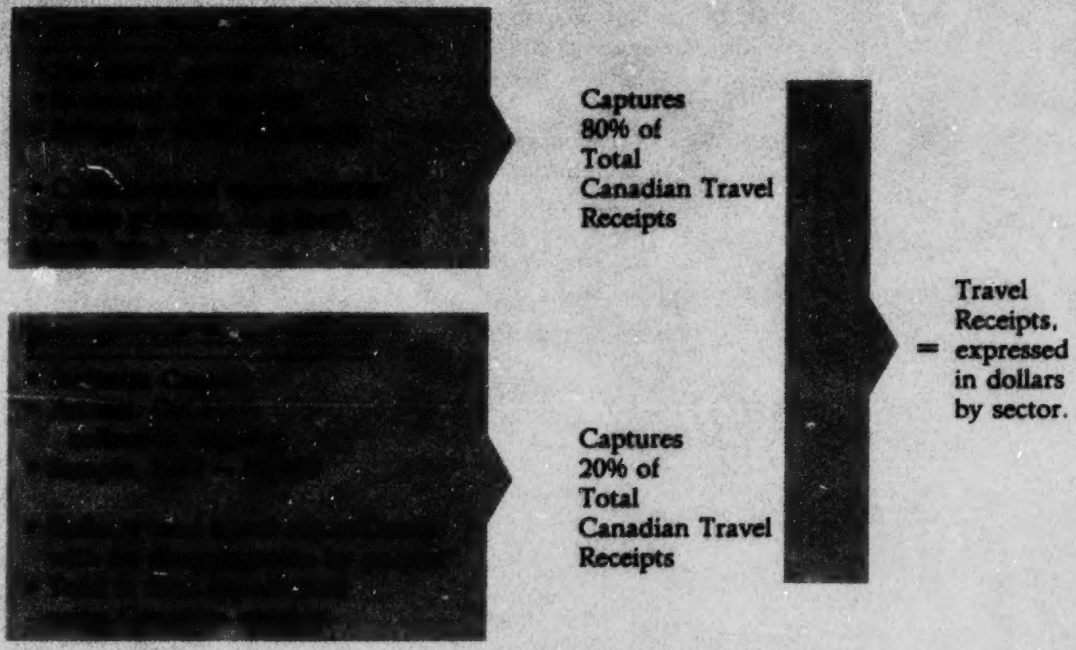
Source: Statistics Canada: *Travel Between Canada and Other Countries*: 66-201



In developing markets like the southern U.S. and other foreign markets, air fares will be a critical determinant of travel to Canada. Making the cost of flying to Canada competitive with alternative holiday destinations will not by itself be sufficient to increase travel to and within Canada, but it is essential.

Because international air fares are regulated by the International Air Transport Association (IATA), they cannot be directly influenced by Canadian policy. Trans-border fares to and from the U.S. are regulated through bilateral Canada/U.S. agreements. Air fares within Canada are determined by domestic policy and are currently under review. Canadian prices must be in line with those in the U.S. if Canada is to be competitive in this market.

ASSIGNING SECTOR RATIOS


Captures 80% of Total Canadian Travel Receipts
Captures 20% of Total Canadian Travel Receipts
= Travel Receipts, expressed in dollars by sector.

Statistics Canada has undertaken a methodology review that is almost complete
Source: Statistics Canada/Tourism Canada.

1982 SECTOR RATIOS

$ millions

	Transportation	Accommodation & Food	Recreation & Entertainment	Travel Trade Services
Receipts related to Tourism	4,805.6	4,441.8	1,273.6	1,825.1
Total sector receipts	12,740.9	6,659.0	1,978.1	3,994.8
Tourism as a % of Total Sector Receipts	37.7%	66.7%	64.3%	45.6%

Source: Tourism Canada, Tourism Impact System.

THE CANADIAN INDUSTRY

The tourism industry is the sum of many industrial components that supply goods and services for tourists. Tourists, in turn, are only part of the market for those goods and services. The components are: accommodation; food; transportation; attractions, events, recreation services; and travel agents and tour operators.

The tourism industry is not identified separately in Canada's industrial classification system, or in any other country's either. Difficulties arise in defining the tourism industry because, unlike other industries, it is not delineated by the product sold, but rather, by the characteristics of the purchaser. Tourism data have to be derived from formulas that estimate the extent of the tourism component of any particular industrial sector. (Illustrated opposite.)

Employment and Training

No single industry in Canada has greater potential for new job creation than does tourism. Employment in the field is expected to grow at more than five per cent a year in this decade and even faster in the 1990s.

The challenge to the industry, and to Canada, is to make sure this potential is realized. And the key to such realization will be a new, more sophisticated approach to the development of talent within the tourism industry.

At the moment tourism training and professional development are limited, to put it mildly. Fewer than one in five workers has received any formal training from a school or institution; only one in three gets formal training while on the job. At a time when tourism worldwide is becoming more competitive, Canada must sharpen the edge of its approach to talent development. There is no point in creating world-class attractions if we do not also provide the trained people required to manage and market our tourism resources head to head with the best talent in the world.

It is easy to understand why training and development in tourism have been less than first class in the past. In many ways the very things that make the industry an attractive employment avenue militate against a

TRAVEL ECONOMIC CONTRIBUTIONS, [illegible]

Travel Receipts (Dollars in billions)	
Grand Total	18.55
From Canadian Travellers	14.71
From U.S. Visitors	2.66
From Offshore Visitors	1.18

Output from Tourism Impact System

Income	Direct
(Dollars in billions)	
Total	$12.43
Canada	9.85
From U.S.	1.79
From Other Countries	0.79

Employment	
(Thousand person years)	
Total	595
Canada	472
From U.S.	85
From Other Countries	38

professional approach to employee upgrading. For instance, the seasonality of tourism in many parts of Canada has created opportunities for summer student employment for tens of thousands. At the same time, these students have viewed their tourism work as transitory, not a life career. There has been little incentive to train or be trained beyond the basic necessary level.

Similarly, the fact that most tourism businesses are small operations is a plus for Canada's economy: many people are able to start a business and prosper by their own efforts. Small businesses, however, offer little chance for career advancement in management. The lower-level employees typically move from establishment to establishment if they wish to pick their way to the top. There is little to impel the small tourism operator to spend more time or money on training.

So training has had a low priority in Canadian tourism. The challenge is to give it top priority. Training in the tourism industry is not a useful extra, it is an imperative. If training does not improve, our people will not improve, and we will continue to lose market share and jobs to international competitors.

Canada's record in international hockey makes a useful analogy for our posture towards training. There was a time when we could send forth energetic, skilled amateurs and take on the best in the world of hockey. Now we employ the best of our professionals to earn our wins in world tournaments. We must attack tourism in the same fashion. Positive steps have already been taken by many of our community colleges and some universities. But we need only look to our neighbouring competitor, the United States, to see how we are being outstripped. Doctoral level degrees in travel and tourism fields are available now in the United States. Hundreds of institutions offer courses in travel and tourism subjects. From computerized reservation systems to market forecasting, from inventory control to the psychology of leisure time, United States institutions are equipping their people to compete.

Overseas, of course, there is a history of excellence in certain of the tourism disciplines. All of North America hires European chefs; graduates of the hotel school at Lausanne are in demand everywhere in the world.

PROFILE OF HOSPITALITY-RELATED COURSES OFFERED BY CANADIAN INSTITUTIONS

	Type of Courses							
[redacted]	Travel/ Tourism	[redacted]	Hotel Motel & Resort Management	[redacted]	Dietetic/ Nutrition	[redacted]	Food & Beverage Service	[redacted]
[redacted]	23	[redacted]	30	[redacted]	9	[redacted]	15	[redacted]
[redacted]	36	[redacted]	43	[redacted]	9	[redacted]	25	[redacted]
[redacted]	2,175	[redacted]	2,184	[redacted]	334	[redacted]	990	[redacted]
[redacted]	1,040	[redacted]	1,267	[redacted]	215	[redacted]	791	[redacted]
[redacted]	675	[redacted]	879	[redacted]	134	[redacted]	575	[redacted]
[redacted]	.64	[redacted]	.69	[redacted]	.62	[redacted]	.72	[redacted]

Source: Directory of Courses: Tourism/Hospitality/Recreation 1983–85

Canada has few institutions with international credentials in tourism. Our training and education have been aimed chiefly at preparing people for entry level jobs, mostly at community colleges and hardly at all in universities. Even at that our capacity is not great. Canada's school can accommodate only 12,700 students a year in food and hospitality courses.

At the mangement level, Canada has a limited training capacity for full-time students and that only at the undergraduate level. There is almost no capacity to upgrade the skills of those managers already employed in the industry. The few courses that do exist are available only in certain parts of the country and they do not provide a comprehensive, integrated package that would allow an employee to plan for career advancement. It is important to focus on upgrading managers' skills, since it is often the manager who provides on-the-job training to other employees, and it is the trained manager who will appreciate the importance of hiring trained employees.

The question is: can Canada at once upgrade the level of training for those at present in the tourism field and structure new approaches to training for those entering the industry? On the answer to this question hangs our future in what is the world's largest single industry.

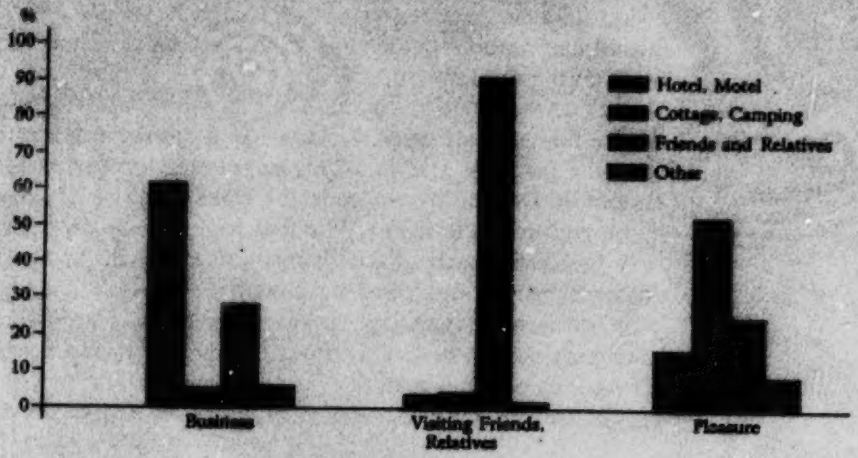
Surely the answer must be yes. We can find ways to develop our human resources so that Canada can compete in world tourism. Perhaps that is too modest an ambition. Why shouldn't Canada become the best in the world at tourism training? Why shouldn't other countries be importing Canadian know-how and methods?

To set new standards of excellence in talent development must be our goal. This will require new and different approaches. New partnerships — between industry and school, school and labour, labour and industry — must be forged if the Canadian tourism industry is to be able to direct its collective energies towards clearly established goals in human resource development.

That is easy to say. What is not clear is the source of the leadership in such a drive. Who among us will be sufficiently farseeing to take up the challenge?

TYPE OF ACCOMMODATION BY PURPOSE OF TRIP

DOMESTIC TRAVEL, 1982



Source: Statistics Canada/Tourism Canada: *Canadian Travel Survey.*

Chambre et petit déjeuner

Accommodation

In the Canadian accommodation industry, urban hotels, especially franchise and chain operations, dominate while budget hotels on city outskirts are fast developing. The number of small hotels and motels (25 rooms or less) has been declining, particularly in non-urban areas.

In general, urban hotels and motels in Canada meet international standards and are a key element of successful competition in the meetings and conventions markets. But, with signifiant exceptions, Canadian hotels and motels have lagged behind U.S. competitors in certain respects. For example, ours have been much slower to cater to the budget traveller by building "no frill" accommodation. Days Inns have provided such accommodation in the U.S. for years while, in Canada, Journey's End and Relax Inns are only now doing so in a major way.

Business travel and pleasure travel are complementary in much of the accommodation sector. Without business travellers, many world-class hotels would not have been built, but it is often the supplementary revenues from other travellers that enables them to be profitable.

Bed-and-breakfast establishments, farm vacations and inns have gained popularity in Canada over the past few years. The trend appears certain to continue as people search for "local" experiences and cheaper accommodation, and there is good potential for further growth.

The accommodation sector is also being affected by the emergence of time-sharing, rental management and other types of condominium resort developments. This trend has increased the amount of financing available for the construction of resort complexes. Other trends include hotels with fitness facilities, one-stop air and hotel reservation systems, accommodation grading systems, automation and computer technology in larger operations, and attention to the female traveller. Although the full impact of teleconferencing has not yet been felt in the meetings and conference market, at least one major hotel chain is investing large sums in equipment so as to cater to changing demand.

TRAINING LEVELS OF THE LABOUR FORCE SELECTED TOURISM-RELATED INDUSTRIES/OCCUPATIONS AUGUST 1982

[redacted]

	%	%	(000)
All Employees	65	86	567
Males	63	82	220
Females	66	88	347
[redacted]			
Hotels/Motels	70	79	154
Restaurants, Cafeterias, Taverns	62	89	401
[redacted]			

Source: National Manpower Strategy Study. Final Report. [illegible] Policy Research Inc. 1983.

Data from Statistics Canada, Labour Force Survey, Special tabulations.

Food Services

Canadian commercial food services, licensed and unlicensed restaurants, take-outs, taverns, and caterers (about 37,000 establishments in all), are labour intensive, and formal training is minimal.

Much of the food services business ($10 billion in revenues in 1983) has been captured by franchise operations, particularly U.S. chains. A sample of 57 U.S. firms indicated they opened about 4,500 outlets in 1981, of which 1,220 were in Canada.[1] In the fast-food sector, where chains now do two-thirds of the total business, increased public awareness of nutrition and consumer demand for variety have fostered breakfast menus, more fish, chicken and salad dishes, and smaller portions for the weight-conscious. Canadian restaurants have been slow to follow these U.S. trends.

Higher quality restaurants in Canada are more than competitive by international standards. Canada has, in fact, the potential to develop an international reputation for culinary excellence — a point made convincingly by the Canadian Team that won the 1984 World Culinary Olympics at Frankfurt, Germany, having captured gold in every competition they entered.

The challenge to the industry is to ensure that the customer is not charged five star prices for two or three star food and service. The key is to provide value for money. Would the industry be prepared to implement a Canada-wide star rating system to help travellers find the quality and price of food and accommodation they want?

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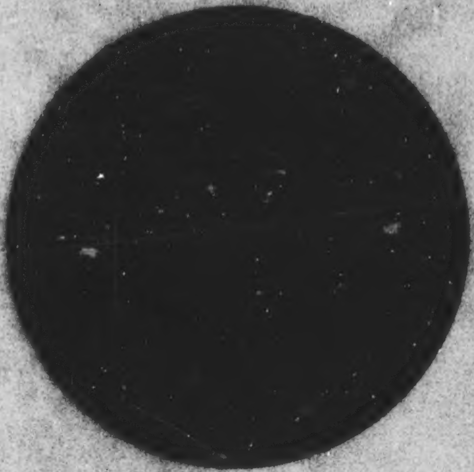
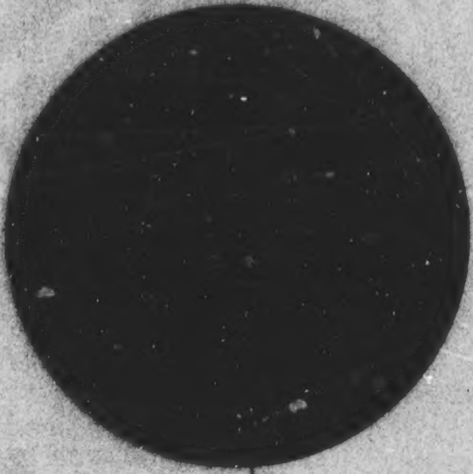
[1] Newsletter: Association of Canadian Franchisors, 1984.

OVERNIGHT TRAVEL BY MODE

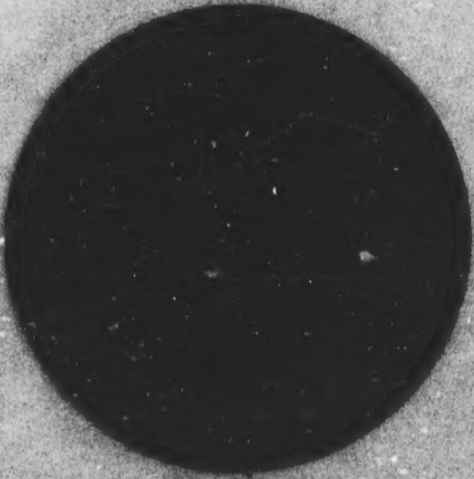
U.S. VISITORS
TO CANADA
1985



CANADIAN VISITORS
TO U.S.
1985



DOMESTIC OVERNIGHT
TRAVEL
1982



Source: Statistics Canada: *Travel Between Canada and Other Countries* 66-201 and Statistics Canada/ Tourism Canada: *Canadian Travel Survey.*

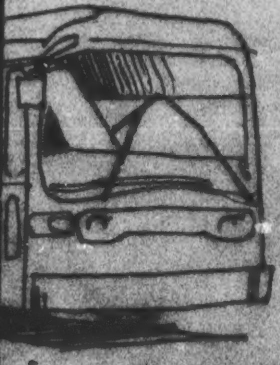
Transportation

Although air travel is increasing its share of domestic tourism, it still runs a distant second to the automobile, which represents about 84 per cent of all tourism transport in North America. The two modes are much closer in terms of revenue. The Canadian auto-service industry earns about $2 billion of its $13 billion annual revenues from tourism. Airline revenues from non-business travel are also estimated at $2 billion but from a total of only $4 billion. Corresponding revenues for the intercity bus and railway industries, which rely on tourism for about 85 per cent of their business, are each about $250 million a year. Airline profitability varies from year to year, while the major intercity bus companies have earned undramatic but acceptable and steady returns for many years. Canada's limited passenger rail service loses about $1 billion a year when all government supports and subsidies are considered.

Canada's automobile and recreational vehicle services and facilities compare favourably with other countries. Canadian intercity bus service meets or exceeds U.S. standards for cleanliness and security but lags behind the luxury intercity services in some European countries.

Passenger rail service is another matter. Even with the new Light, Rapid, Comfortable (LRC) service, it compares poorly with the train services of Europe, Japan and parts of the United States. The federal Transport Minister recently announced that select regional services, and the transcontinental service from Montreal to Vancouver, will be reinstated. New cars and locomotives are also to be purchased. From a tourism perspective, continued major changes in public policy and, in particular, creative tourist packaging by VIA Rail are needed if Canadian passenger rail services are once again to become significant on a national scale. Select regional services will no doubt remain important, regardless.

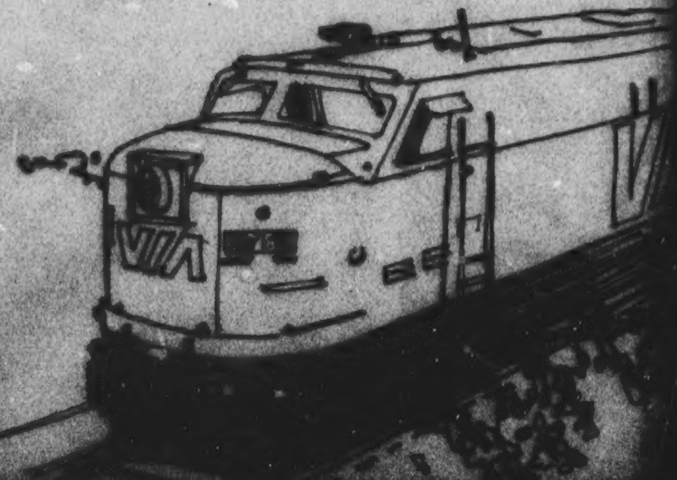
Canadian airlines have about 88 per cent of the international charter business originating in Canada. In competitive scheduled service for markets served by both a Canadian and a foreign carrier their position, affected by bilateral agreements, is weaker, especially in the Canada-U.S. scheduled market where Canadian airlines carry only about 40 per cent of the traffic.



CHARACTERISTICS IN SELECTED TOURISM-RELATED OCCUPATIONS, 1981 CENSUS

SOC Code	(1981 Labour Force, in Thousands)	Youth Ages 15–24 %	Still at School Full-Time %	Females %	Immigrants %	Worked in 1980 Full-Time/Part-Time 1–26 weeks only %
4193	Travel clerks, ticket, station and freight agents (24.7)	26.8	7.1	65.9	24.4	14.1
4194	Hotel clerks (10.9)	42.4	13.9	68.1	15.2	35.2
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
6130	Supervisors, Lodging and Accommodation (26.9)	8.2	3.1	58.9	31.4	18.8
6133	Lodging Cleaners (27.8)	30.2	10.4	91.2	28.5	46.6
6135	Sleeping car and baggage porters (2.9)	52.8	29.7	9.4	24.3	36.7
6139	Other Lodging and Accommodation (2.3)	37.3	19.3	35.5	14.6	60.5
6144	Guides (4.8)	57.6	47.2	60.5	10.5	72.8
6145	Travel etc. attendants, non-food and beverage (7.1)	23.0	8.4	73.6	25.8	16.1
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

Source: Statistics Canada: 1981 Census 92-917, Table 1, Table 3; 92-918 Table 1; 92-919 Table 1.



New Canada-U.S. bilateral agreements, specifically the entry of "no frills" carriers such as Peoples Express, could further decrease the number of Canadians travelling to the U.S. on Canadian airlines. Undoubtedly, these same agreements will increase the total volume of traffic in both directions.

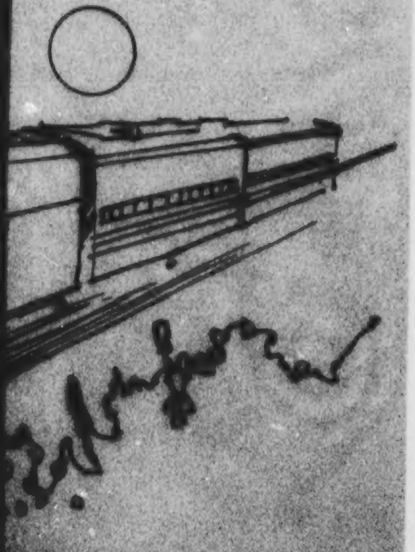
The recent deregulation of the U.S. airline industry provides more flexibility in all facets of service in the United States, including air fares, access to routes and frequency of service. Further deregulation of the Canadian airline industry is required if Canada is to compete with service in the United States.

This would pose a challenge to our air carriers. Their ability to respond to increased competition, new fare structures, new routes, improved and more frequent service in order to stimulate domestic travel, will be important for the carriers and the tourism industry alike.

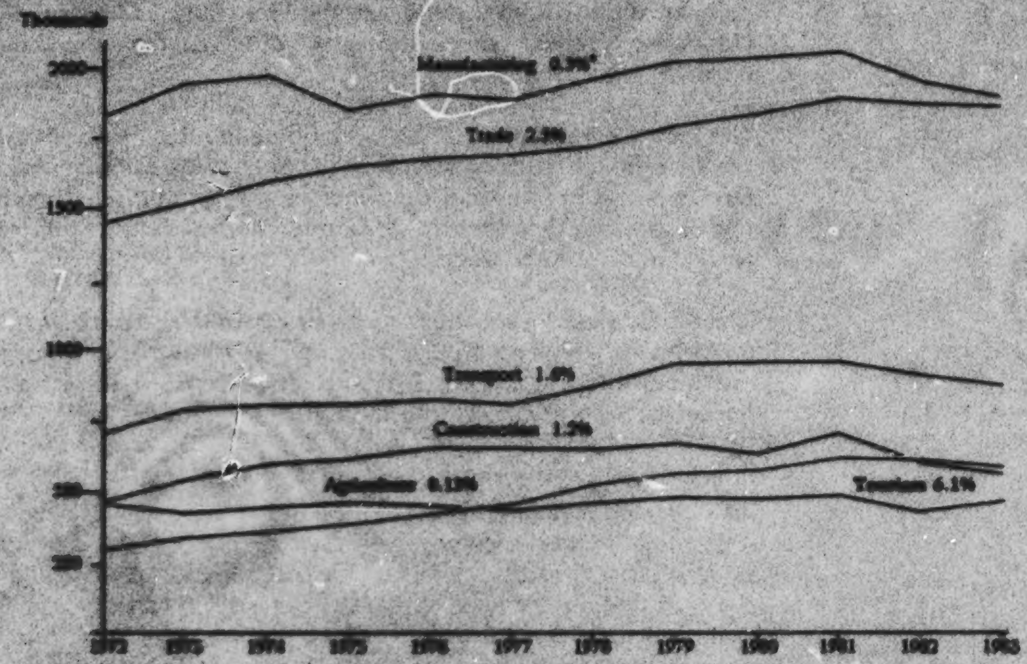
Attractions, Events and Recreational Services

As discussed earlier, special facilities and services that draw visitors to a given destination are known as travel generators. These include the natural attractions that dominate Canada's image at home and abroad, the man-made attractions that are becoming increasingly important, and events and festivals of many kinds. Also included are recreational services and facilities such as skiing, fishing, hunting, golfing, camping, boating, beaches and cruises.

Canada's natural attractions, exemplified by our system of national, provincial and municipal parks, can compete with the world's best. Our man-made attractions are similar to, but often less grand than, those found in the United States. Both countries have historic villages, water-slides, zoos, amusement parks, summer theatres, museums, country fairs, etc. Because of the larger domestic market and greater private sector involvement (including endowments) U.S. man-made attractions tend to be larger, more elaborate, and more competitive than Canadian ones.



GROWTH IN EMPLOYMENT BY SELECTED SECTORS, 1972–1983



*Average annual growth rate.

Source: Statistics Canada: *Historical Labour Force Statistics* 71-201;
Tourism Canada: *Tourism Impact Spans*

Canada's man-made attractions are widely dispersed. There are about 3,300 of them, most small. The bigger ones are usually publicly owned or subsidized, with fewer than a dozen large, commercial attractions operated on a profit basis. The most notable example is Canada's Wonderland, whose officials estimated that some 130 permanent and 2,800 part-time staff would be employed at full operation, with an annual payroll of about $10 million.

Almost 500 historical, cultural and ethnic festivals are held in smaller communities. Most are held in the summer and about half last only three days, usually over a weekend. These events could be promoted to provide wider appeal, particularly when combined with the celebration of significant anniversaries, for example bicentennials.

Canada also has a number of major annual events. While some are attracting more visitors every year (e.g., Ottawa's Winterlude, recently listed as one of the top 100 attractions in North America), others are declining in popularity (e.g., the Calgary Stampede). Still others, including Winnipeg's Folklorama, while now regional, have the potential to develop into at least national calibre events. A higher profile might also be given to the many events that take place across the country on Canada Day. Some may have the potential to attract more foreign visitors than they now do.

In addition, a variety of major special events, including Expo '86 and the 1988 Winter Olympics, are planned. Their impact is not measured simply in terms of the direct economic benefits. An economic impact study of the 1988 Winter Olympics estimates the total direct and indirect impact to Alberta of visitor and participant expenditures will account for less than 10 per cent of the total income impact of the Games.[1] A study detailing the financial and economic effects of Expo '67 recognized that the worldwide exposure given to Montreal and to Canada helped to promote the country not only as a desirable travel destination but also as an attractive, modern, urban place in which to invest or with which to trade.[2]

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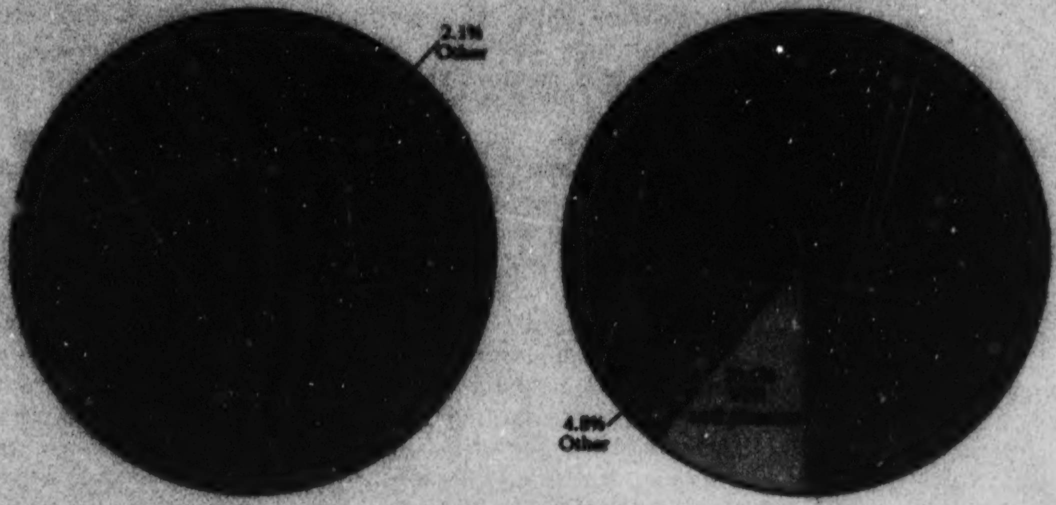
[1] Nichols Applied Management, Travel Alberta, June 1982.

[2] O.E. Thur, *Economic and Financial Effects of Expo 67*, University of Montreal, 1967.

PURPOSE OF TRIP TO CANADA, VISITORS STAYING ONE NIGHT OR MORE – 1983



FROM U.S. — Total U.S.: 10,913,000

FROM OTHER COUNTRIES — Total Other Countries: 1,578,000

*Includes 0.3% VFR Combined with Pleasure

Source: Statistics Canada, *Travel Between Canada and Other Countries*, 66-201.

Tour Wholesalers and Travel Agents

This sector of the tourism industry employs at least 20,000 people who package or sell foreign and Canadian destinations to customers. Canadian package tour sales to foreigners bring in at least $80 million annually.[1] The industry is automating rapidly, with the Air Canada Reservec II system now in about three quarters of travel agencies. CP Air's Pegasus system is not as widely used as Reservec but it operates on IBM personal computers which agents may buy or rent and employ for tasks other than reservations. Some agents also have direct connections with U.S. airline computer reservation systems. Agents facilitate travel by providing both information and worldwide access to reservations for flights, hotels and other services.

Technology will have a profound impact on travel agents and tour wholesalers, for example, through increased use of videos about travel destinations and possibly through the use of home computers for making reservations. Canada cannot ignore such trends. Indeed we must be in the forefront of them, developing both the hardware and the software required to give us the edge in an increasingly competitive game. Just as our competitors can use technology to beat us in this most important industry, so also can we employ state of the art devices to meet the competition head on. The possibilities are limited only by our resourcefulness and commitment.

Private Sector Associations

The fragmentation of the tourism industry is reflected in the number of associations representing the different sectors. Many of the national organizations also have associated provincial and territorial organizations and each is concerned with legislation affecting their respective interests at the relevant level of government. The main functions of a few of these associations are outlined below while a more complete list illustrating the diversity is shown (page 50).

- *The Hotel Association of Canada Inc.* (HAC) co-ordinates efforts of provincial hotel associations, particularly in matters of federal jurisdiction, while encouraging high standards of hotel operation and improvement of hotel service for the travelling public.

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[1] These data are from the Alliance of Canadian Travel Associations (ACTA) and refer to their members only. Statistics Canada has conducted a survey of travel agents and tour wholesalers and information on them will be published in early summer, 1985.

PRIVATE SECTOR ASSOCIATIONS

Accommodation

- Meetings Industry Council of Canada (MICC)
- Association for Specialized Services Involving Special Travellers (ASSIST)
- Canadian Country Vacations Associations (CCVA)
- Canadian Hostelling Associations (CHA)

Food and Beverage Services

- The Canadian Foodservice Executives Association (CFEA)
- Canadian Federation of Chefs de Cuisine (CFCC)

Transportation

- Air Transport Associations of Canada (ATAC)
- Canadian Motor Coach Association (CMCA)

Attractions, Events and Recreation Services

- Canadian Association of Exhibitions (CAE)
- Meetings and Incentive Travel Steering Committee
- Canadian Association of Festivals and Events (CAFE)
- Canadian Association for Disabled Skiing (CADS)
- Canadian Ski Association (CSA)
- Canadian Ski Council (CSC)
- Canadian Ski Instructors' Alliance (CSIA)
- Canadian Sporting Goods Association (CSGA)
- National Ski Industries Association (NSIA)
- Canada Council
- Canadian Museums Association
- The Heritage Canada Foundation (HCF)

Training/Hospitality

- Canadian Institute of Travel Counsellors (CITC)
- Canadian Hospitality Institute (CHI)
- Canadian Bureau for International Education (CBIE)
- Association of Universities and Colleges of Canada (AUCC)
- Canadian Vocation Association (CVA)
- Canadian Tourism/Hospitality Advisory Council for Human Resources (CTHAC)

- *The Canadian Restaurant and Foodservices Association* (CRFA) is one of the largest and most influential tourism-related associations in Canada. It is primarily concerned with improvement of management skills and the solution of management, employee and consumer problems. The CRFA has developed a highly professional series of programs to inform its members and assist them in meeting the challenges of today's hospitality industry.

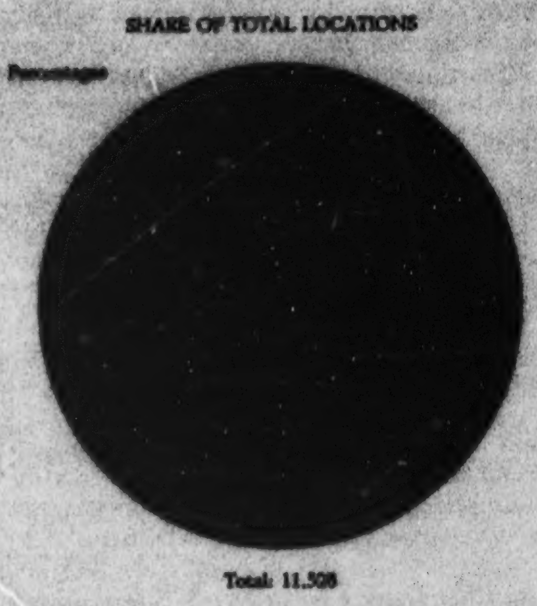
- *The Canadian Automobile Association* (CAA) has about two million members across Canada and is associated with the American Automobile Association (AAA) providing North American service for its Canadian members and the U.S. members of the AAA. The CAA is also affiliated with international organizations. The association provides member services such as route maps and hotel/motel ratings and deals with issues such as automobile safety and energy costs.

- *The Canadian Parks Recreation Association* (CPRA) is a volunteer service, research and education organization concerned with the quality of parks and recreational facilities, and with the effective planning, design, development and promotion of parks.

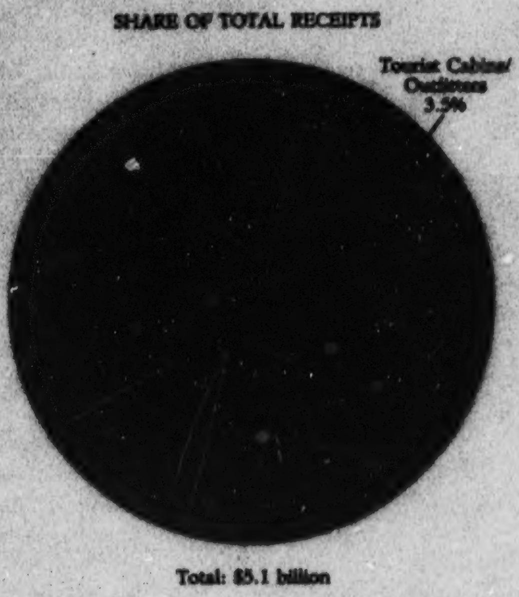
- *The Alliance of Canadian Travel Associations* (ACTA) represents travel agents, at both the wholesale and retail level, and tour operators in areas of education, legislation, industry ethics and consumer relations. Membership signifies a commitment to high standards.

- *The Tourism Industry Association of Canada* (TIAC) is an umbrella association for the tourism industry and, while it is recognized by some as the voice of industry, some major organizations are not members of TIAC. Membership includes both large and small tourism businesses. TIAC is concerned with broad issues like taxation, energy policy and training that affect more than one tourism sector or region.

ACCOMMODATION: 1982

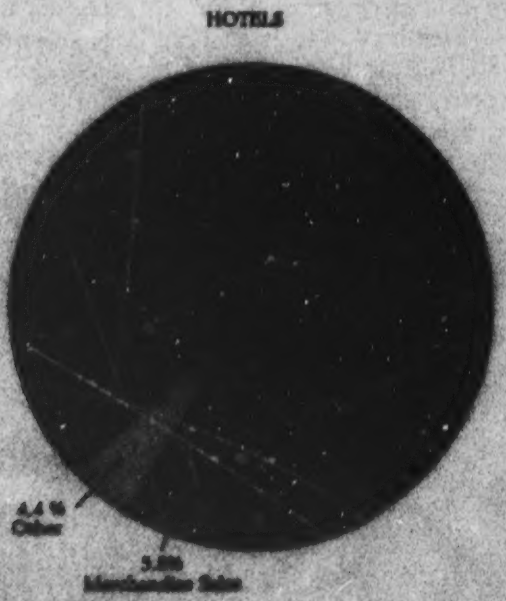


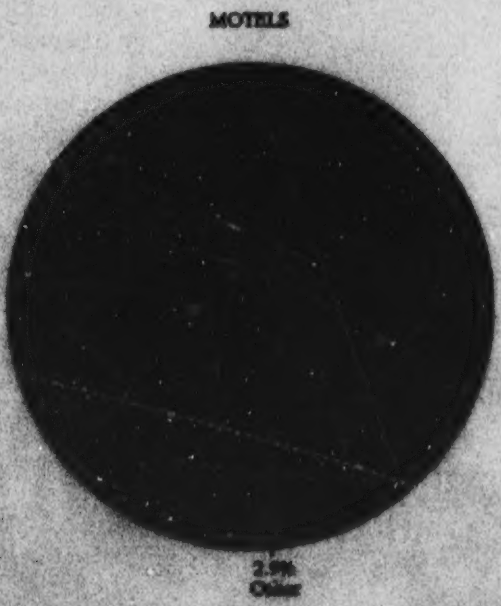
Total: 11,508



Total: $5.1 billion

SOURCE OF RECEIPTS: 1982





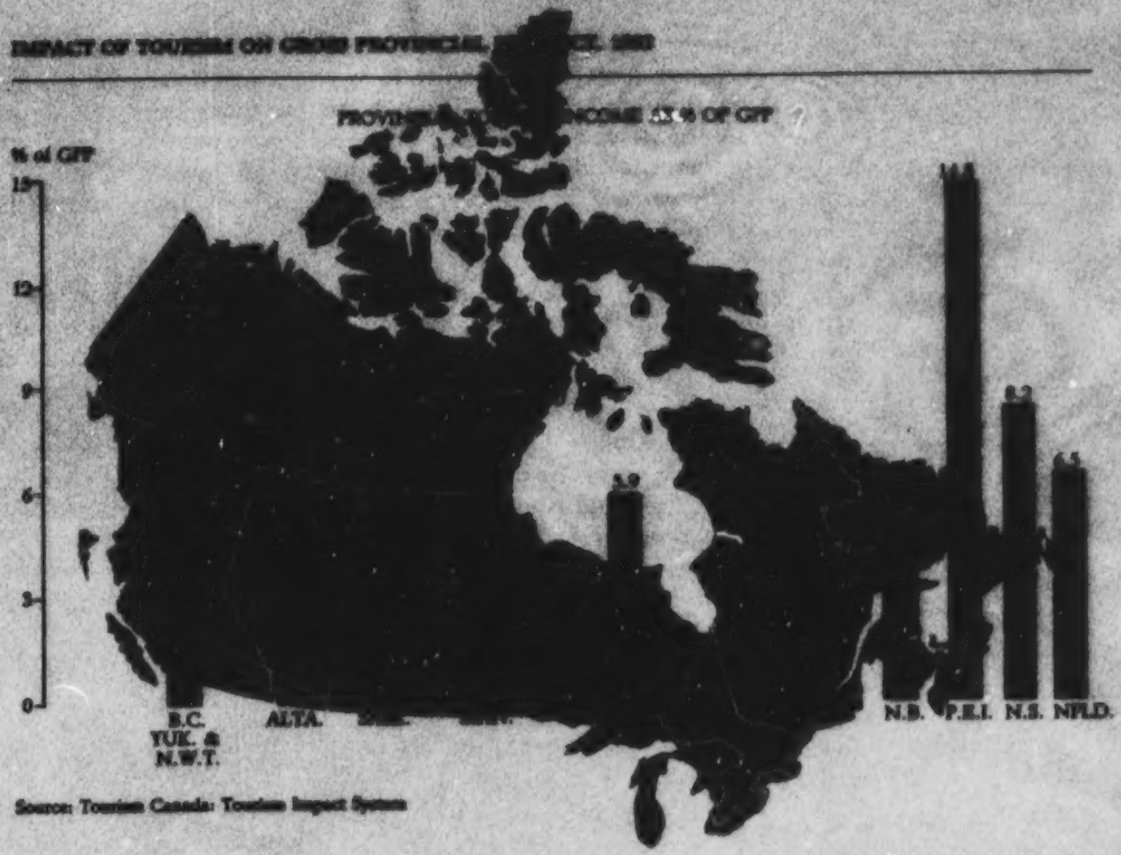
Source: Statistics Canada: Traveller Accommodation Statistics 63-204

For the most part, the tourism industry has found it difficult to organize itself as an effective lobby, so disparate are the groups in size, resources and interests. The industry has rarely been able to present unified views on policies or programs to governments. For the same reason, the industry has been hamstrung in developing and implementing its own programs, for example training and quality control.

Some associations have realized the problem and the need to resolve it. TIAC, for example, is currently reassessing its mandate and plans for the future. Some provincial and territorial associations are also reorganizing.

It is to be hoped that such efforts will extend further. The entire industry would be well served by strong, industry-wide organizations, committed and equipped to promote Canada as a preferred holiday destination around the world.

IMPACT OF TOURISM ON GROSS PROVINCIAL [illegible]



Source: Tourism Canada: Tourism Impact System

GOVERNMENTS AND TOURISM

Government involvement in Canada's tourism industry is pervasive. Governments own and manage large and small parks, airports, streets and highways, museums, arts centres, heritage sites, historic villages, zoos, liquor stores, airlines, railways, buses, subways, hotels, resort lodges, ferries, harbours, canals, golf courses, tennis courts, beaches and swimming pools. Governments map and chart, run information centres, advertise, greet foreign visitors and returning Canadians, regulate the game that tourists hunt and the fish they fish. Governments make loans, grant money, legislate, regulate, license and inspect. They police, they rescue, and they tax the rooms that tourists sleep in, what they eat and drink, the entertainment they see, almost everything they buy, and the incomes from all such transactions. Governments collect and analyze statistics, consult, study, deliberate, exhort and, sometimes, listen.

It is difficult to think of any broad sector of the Canadian economy that is as massively influenced by government — federal, provincial, territorial and local — as is tourism. The very volume of business is affected by government tourist advertising, and the cost of doing tourism business is especially vulnerable to government policies.

Obviously, much of what government does is not directed exclusively at tourism. It is towards broader objectives that governments manage such public assets as parks, cultural institutions, and transportation facilities. Nor is it for tourism alone that general government fiscal and monetary policies are conceived and implemented.

Yet almost everything that governments do have an impact on tourism and, for its part, the tourism industry has a tremendous impact on the economy as a whole. So everyone has a vested interest in the quality, extent, and competitiveness of Canada's tourism assets.

In direct influence on tourism, among the most important government programs are those relating to parks, culture, marketing, statistics, transportation, training and development assistance for the tourism sector. It is to each of these areas that this paper now turns.

NATIONAL PARKS/HISTORIC SITES

Total Number of National Parks — 31

1983/84 Visits to National Parks — 25 million

National Parks with Largest Number of Visitors

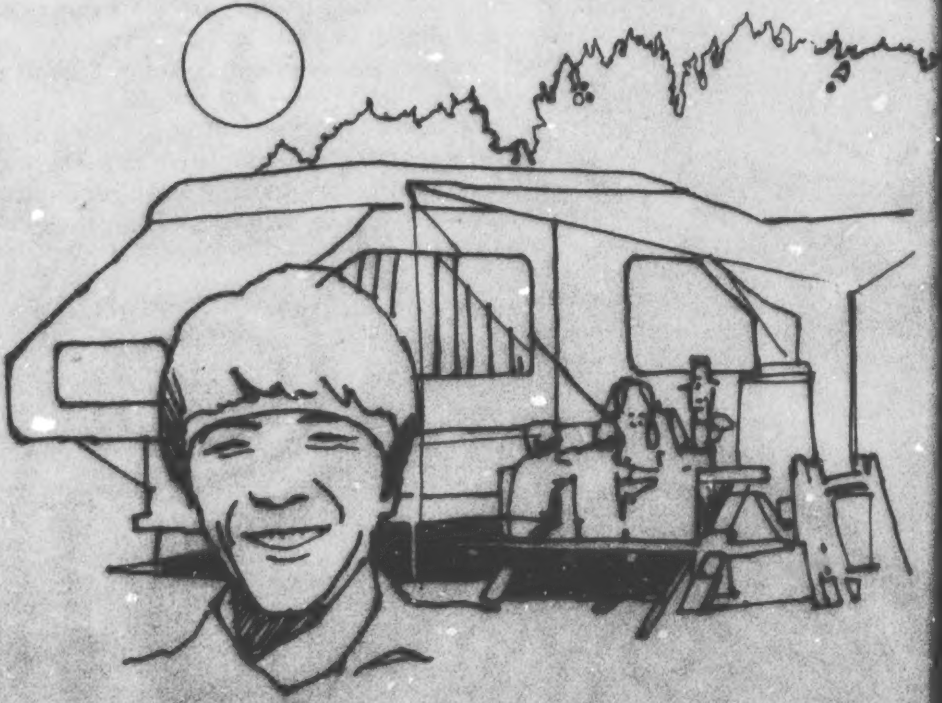
	Estimates
— Banff	3.1 million/year
— Kootenay	2.3 million/year
— Jasper	1.9 million/year
— PEI (Beach Park)	1.6 million/year
— Yoho	1.2 million/year

Total Number of Historic Parks/Sites — Over 70 Major Historic Site/Parks

Historic Parks/Sites with Largest Number of Visitors

	Estimates
— Signal Hill, Nfld.	1.1 million/year
— Cape Spear, Nfld.	.8 million/year
— Fortifications of Quebec City	.5 million/year

Total Number of *Heritage Canals* — 9



Source: Parks Canada

Parks

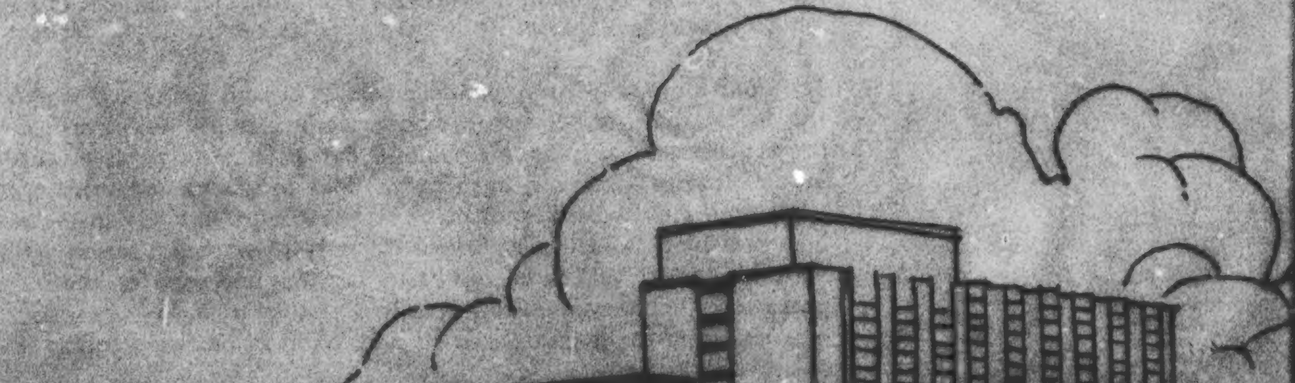
Containing 13 million hectares of land, Canada's system of national parks is the largest in the world and a major generator of both domestic and international tourism. Together with provincial parks and vast tracts of other Crown lands, the national parks have for years dominated the tourism image of Canada — a land of forests, lakes, mountains, prairies, coasts, wilderness and, above all, space.

Historically, conflict has arisen between preservation and use in the management of Canada's national parks. Parks facilities and private sector facilities reach full capacity at certain times of the week or year, while at other times, such as mid-week and in the shoulder seasons, there is surplus capacity. In part, the full capacity, with demand exceeding supply, can be attributed to a lack of facilities to accommodate tourists in and around the more popular parks. Opportunities to maximize visitor use of National Parks could be realized through effective, co-ordinated strategies, now sadly missing.

A new look at the most popular areas within the National Parks, and at potential demand for their use, could provide a base for planning development and marketing strategies.

The mandate of Parks Canada is to balance use and preservation of its parks. The tourism industry also has a vested interest in the preservation of the parks because they constitute one of the country's most valuable tourist assets, and in some provinces they are the principal tourist attraction by far. So conservation objectives are compatible with tourism objectives. The two can go hand in hand. Indeed ecologically-sound, market-driven tourism development in the national parks is possible.

The Four Mountain Parks (Banff, Jasper, Yoho and Kootenay) illustrate the delicate balance between the preservation and use objectives for the management of Canada's National Parks. The four parks possess untold riches in clean air, fresh water, flora and fauna and sheer open space, and are the setting for much of the tourism industry in the two host provinces, Alberta and British Columbia. But with a major marketing effort, and more and better facilities and services, these parks could serve even more helpfully than they now do as tourism magnets. And the potential can be pursued in an environmentally sound way.



Not all of the 31 national parks are candidates for tourism development but there are a number of parks where more varied and intensive use is a genuine economic opportunity.

It is imperative that parks policy, tourism policy and environmental policy be fully co-ordinated, in the interest of all three public objectives.

Culture

Cultural attractions help to draw foreign visitors to Canada and to keep Canadian tourists at home. In its broadest sense, the cultural sector includes the performing and visual arts, literature, architecture, museums, galleries and historic sites. This sector also includes "traditional" attractions and events such as ethnic, folklore and folk music festivals.

Abroad, high quality and attractive entertainment has been exploited to draw tourists. In fact, in places like Spoleto, Salzburg, Bayreuth and Adelaide, the cultural attractions are the basis of a successful tourism industry.

Canadian cultural assets are not accumulated specifically for tourists and, though most are not enough to draw foreign visitors to Canada by themselves, their overall importance to tourism is enormous. For instance, the Confederation Centre of the Arts' Charlottetown Festival draws half its annual audience of 100,000 from the United States. The Stratford Shakespearean Festival, a mainstay of the town's tourism industry with an annual audience of 500,000, and the Shaw Festival in Niagara-on-the-Lake with an annual audience of 200,000, both draw more than one third of their customers from the United States.

The tourism potential for culture, however, has not yet been fully realized in Canada. Initiatives to attract Canadian and foreign visitors have rarely been undertaken in a co-ordinated fashion by cultural organizations, the provinces and the federal government, though such an approach would optimize returns for the cultural sector and the tourism industry alike. The linking of cultural activities in federal, provincial and territorial promotion would also enhance Canada's

FEDERAL/PROVINCIAL/TERRITORIAL PROMOTIONAL EXPENDITURES FOR TOURISM IN CANADA

($ millions)

	1979/80	1980/81	1981/82	1982/83	Estimates 1983/84
Newfoundland	0.9	0.6	0.8	0.8	0.5
Prince Edward Island	0.8	0.8	0.6	0.8	1.4
Nova Scotia	n.a.	1.9	2.7	3.6	3.8
New Brunswick	1.5	1.9	2.2	3.0	2.2
Quebec	4.5	5.0	5.5	8.8	13.0
Ontario	13.4	16.4	19.1	22.0	22.0
Manitoba	1.6	1.8	2.2	2.5	2.5
Saskatchewan	0.7	0.8	0.8	0.8	0.8
Alberta	1.9	3.2	3.7	4.4	4.4
British Columbia	4.5	4.5	4.5	8.1	8.0
Yukon	0.3	0.4	0.4	0.8	0.8
Northwest Territories	0.3	0.3	0.3	0.2	0.2
TOTAL					
Provincial/Territorial	30.4	37.6	42.8	55.8	59.6
Federal*	22.5	24.5	30.0	32.0	34.3

Note: The figures are comparable between years within each province but no comparison can be made among provinces
n.a. not available
* Including supplementary funding.

Source: Research and Analysis, Tourism Canada. Based on telephone response from provincial regional offices Public Accounts.

Canada
Canada
Canada

image as a sophisticated tourism destination, with a strong appeal even to those not primarily interested in culture itself. In some locations symphonies and theatre groups perform only during the fall and winter season. They fail to capitalize on their potential both to attract visitors in the summer and to provide added employment for Canadian entertainers as well as those who work to support these activities.

There is also an opportunity to take advantage of Canada's cultural assets through special festivals close to the Canada/U.S. border to encourage increased tourism in these areas.

Marketing

All levels of government have undertaken co-operative marketing activities with the private sector domestically and internationally. Although marketing consists of both communications and travel trade activities, most resources are devoted to communications — primarily advertising.

The respective roles of governments and the private sector in tourism marketing, especially advertising, have traditionally been as follows:

- *Federal government* — national image and general awareness advertising;
- *Provincial and territorial governments* — destination-specific and attraction-specific promotion within their own jurisdiction with a focus on fostering a favourable overall image of the province or territory concerned;
- *Private sector* — price-specific and product-specific promotions.

The provincial and territorial governments and the private sector have distinct promotions in target markets, both in Canada and abroad, for their own specific tourist destinations. Many of the provinces and territories, as well as the federal government, provide marketing support to the private sector.

Federal marketing has concentrated on the national perspective while trying to ensure that all parts of the country benefit equitably from promotional efforts. Only the Government of Canada has marketed the whole of Canada as a national travel destination. Canada has been presented as the sum of its parts, there having been a sense of obligation to provide virtually equal time for all provinces regardless of the dictates of sound marketing principles.

TRAVEL, 1983

The daily average number of foreign visitors in Canada in 1983 was:

59,600	visitors from the U.S.A. and other countries who entered and left on the same day;
132,500	U.S. visitors spending the night in Canada;
60,200	residents of other countries spending the night in Canada;

making an overall average of:

252,300	foreigners in Canada every day.

The daily average number of Canadian visitors to other countries in 1983 was:

74,700	Canadian visitors to the U.S. who entered and left on the same day;
241,000	Canadian visitors spending the night in the U.S.; and
107,500	Canadian visitors spending the night in other countries;

making an overall average of:

423,200	Canadian visitors outside Canada every day.

Source: Statistics Canada: 66-201.

In the last few years, 80 per cent of the federal tourism marketing program budget was spent on advertising, including direct marketing, up from about 60 per cent in 1980/81. To a great extent the increase has reflected the accelerating cost of advertising in Canada's major markets and an attempt, not always successful, to keep pace with the competition. Over the past five years about two-thirds of the federal advertising budget has been spent in the U.S. market, with the balance split almost equally between other foreign countries and the Canadian market. In the past two years, a slightly higher proportion has gone to domestic advertising, at 19 per cent compared to 13 per cent for foreign countries other than the United States.

Most federal, provincial, and territorial trade marketing activities are undertaken in co-operation with the private sector, and can be classified as follows:

- *Travel product creation* — the development of new package tours, or the expansion of existing packages, and the development of sales materials; and
- *Travel product promotion* — travel trade shows; tours to Canada to demonstrate internationally competitive Canadian travel products to foreign tour operators, meeting and incentive travel planners/buyers, and travel media representatives.

Under the new generation of federal-provincial/territorial tourism subsidiary agreements, private sector promotional activities are being emphasized, with special attention to the particular requirements of the respective provinces and territories.[1]

Federal domestic advertising has had the stated objective of encouraging Canadians to travel in Canada. In some cases, however, the objective has been not so much to promote tourism as to foster Canadian unity or, to the cynical observer, to improve the government's own image in the eyes of the public. In any event, the potential to encourage more Canadians to travel in Canada instead of abroad through general awareness advertising is limited because the task requires highly focused advertising directed at specific market segments. So federal government advertising of the sort launched in recent years has largely been a waste of public money.

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[1] For more detail on the subsidiary agreements see pages 73, 74 and 75.

IMAGE OF CANADA, 1982

(Ranked in order of importance)		Items important in selecting vacation destinations and not attributed to Canada
West Germany	[redacted]	Interesting local people Fascinating cities Historic and cultural interest Good typical local cuisine Good beaches Cheap travel to/from country
United Kingdom	[redacted]	Interesting local people Good beaches Historical and cultural interest Exotic and exciting atmosphere
Netherlands	[redacted]	Exotic and exciting atmosphere Different culture Good beaches Historic and culture interest Cheap travel in Canada Interesting local people

Source: In-depth studies of attitudes to Canada, commissioned by Tourism Canada, 1982

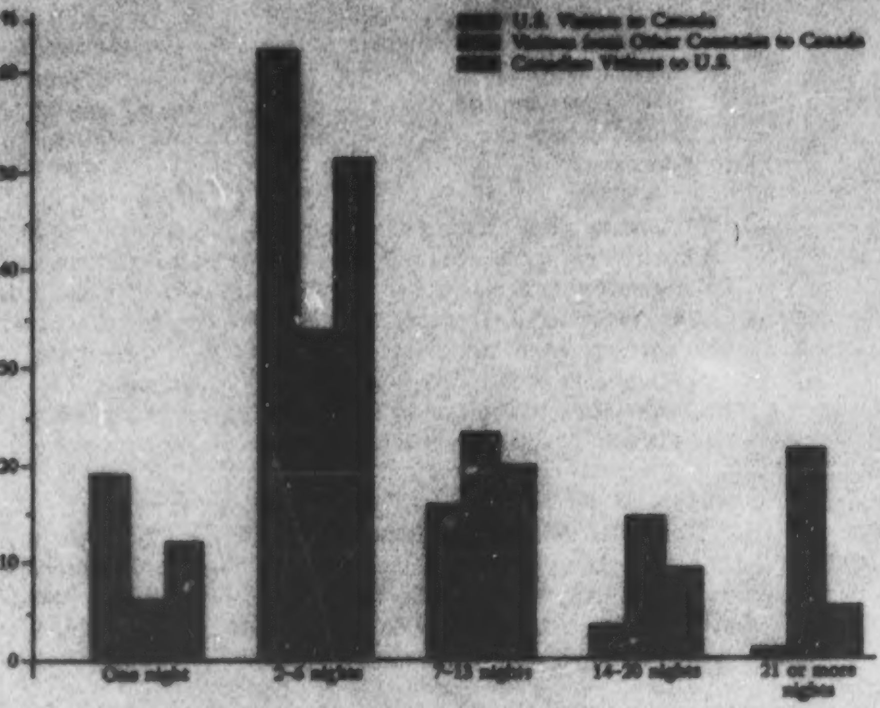
The international marketing effort has consistently met with more success in bringing net economic benefit to Canada, though the approach has changed significantly over the years. At one time federal government tourism marketing portrayed Canada almost exclusively as an outdoors destination. Now Canada is being presented as a diverse and interesting place to visit, offering at once a world-class urban travel experience and a magnificent outdoors — a land of endless contrasts.

As with all efforts to change perception, more recent federal tourism marketing campaigns will require time and persistence to show results; measured progress is slow. As the summary opposite indicates, Canada is still widely perceived in Europe as a country of vast wilderness, untamed by urban development. Unhelpful stereotypes of Canada abound in other parts of the world too, including the United States, where one would expect Canada to be better known. The full range of Canada's highly diversified tourism attractions is not yet appreciated in any country.

It could be argued that, whatever may have been the division of advertising responsibilities in the past between the federal and provincial governments, the line may now have to be blurred in the face of certain market realities. Canada is not well enough known and is often perceived incorrectly.

We might well ask ourselves: have federal government promotions abroad sacrificed effectiveness and impact by unduly featuring all provinces and regions equally in the name of federal-provincial harmony? Might not a more focused approach attract larger numbers of visitors to the country and, paradoxically, even to the very provinces or regions that might receive a lesser billing in that advertising? A focused approach could highlight those destinations and events most easily promoted as Canadian brand names capable of drawing larger numbers of visitors into the country. Once visitors become attracted to Canada by major travel generators, efforts could then also be made to direct them to other, less well-known destinations within Canada.

LENGTH OF STAY BY OVERNIGHT TRAVELLERS, [illegible]



Totals:	U.S. Visitors to Canada	10,913,000
	Visitors from Other Countries to Canada	1,578,000
	Canadian Visitors to U.S.	11,816,000

Source: Statistics Canada: *Travel Between Canada and Other Countries* 66-201

Just as federal advertising might become more destination-specific and even product-specific, so also could provincial and territorial promotions do more than they have done to promote Canada's overall image, rather than merely the image of the sponsoring province or territory. The objective would be to make all Canadian tourism advertising abroad, regardless of sponsor, go farther by co-ordinating both effort and imagery. There is a relatively small amount of funding available, even when federal and provincial marketing budgets are totalled, especially in the context of the huge media market that needs to be penetrated for an effective impact. Does it make sense for each jurisdiction in Canada often to be going its separate way, at cross purposes with the others? Wouldn't a more coherent image of Canada be possible through greater co-operation among all parties concerned? Here, as in so many other parts of the tourism industry, lessons can be learned from private sector companies, especially large ones. Generally, they ensure that corporate image or product identification is consistent, no matter which particular goods or services are being promoted in any given advertising campaign. A similar approach, together with other measures in the context of an overall strategy, could well put Canada more prominently on the tourism map.

Statistics/Research

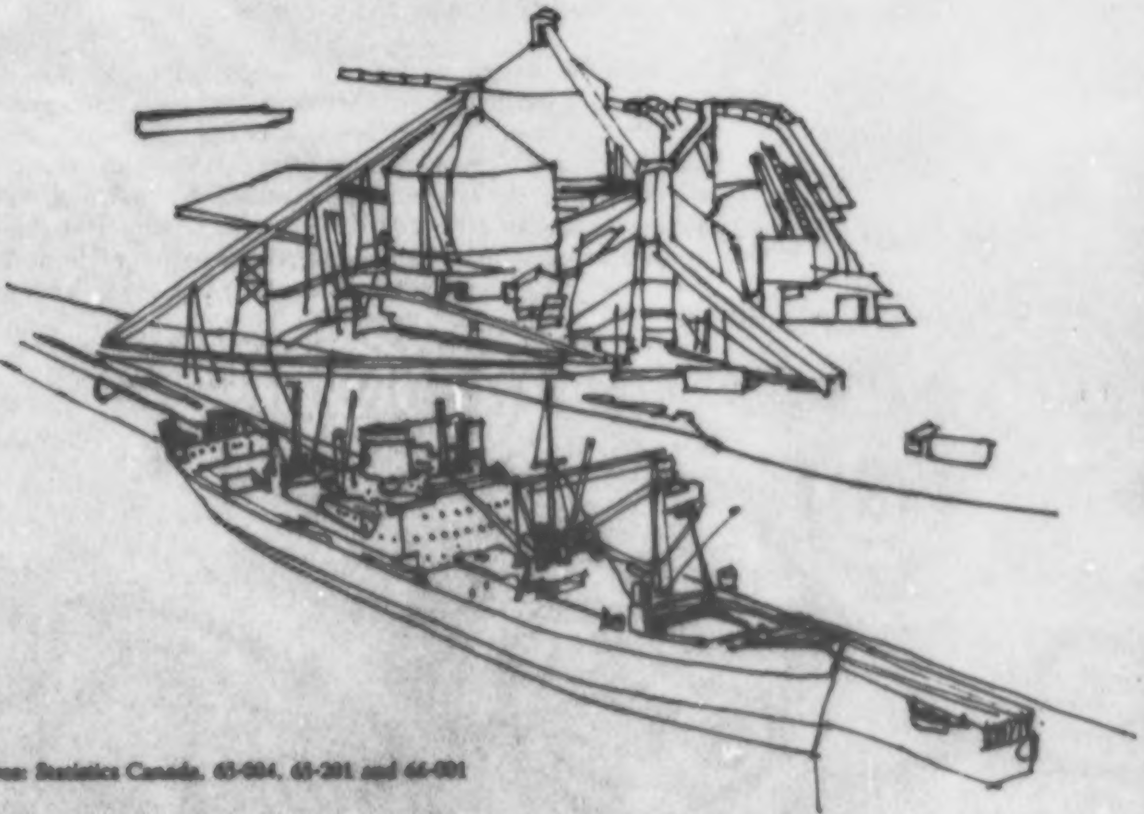
Because the private sector has frequently neither the capacity nor the immediate need to perform certain kinds of "macro tourism" research, essential if the industry as a whole is to be competitive, the federal government has an important role to play. Accordingly, the federal government, through Statistics Canada, maintains an elaborate data base on tourism activities and industries.

But both the data themselves and the procedures for their collection have serious shortcomings, a problem now being addressed by Tourism Canada as a priority. There are gaps in the data; what data exist are too often suspect or "soft"; often the data the government does have are not exactly the kind needed, especially for policy planning; methodologies for obtaining, analyzing and monitoring tourism data need to be substantially improved; and, research performed by one government but potentially valuable to the others is rarely shared.

TRAVEL RECEIPTS COMPARED WITH THE TOP SEVEN EXPORT EARNING ITEMS

($ billions)

Year	Travel Account	Motor Vehicles and Parts	Lumber	Newsprint, Paper	Woodpulp	Natural Gas	Crude Petroleum	Wheat
1972	1.2	4.7	1.2	1.2	0.8	0.3	1.0	0.9
1973	1.4	5.4	1.6	1.3	1.1	0.4	1.5	1.2
1974	1.7	5.7	1.3	1.7	1.9	0.5	3.4	2.1
1975	1.8	6.4	1.0	1.7	1.8	1.1	3.1	2.0
1976	1.9	8.2	1.6	2.0	2.2	1.6	2.3	1.7
1977	2.0	10.4	2.4	2.4	2.2	2.0	1.8	1.9
1978	2.4	12.5	3.2	2.9	2.2	2.2	1.6	1.9
1979	2.9	11.9	3.9	3.2	3.1	2.9	2.4	2.2
1980	3.3	10.9	3.4	3.7	3.9	4.0	2.9	3.9
1981	3.8	13.2	3.0	4.3	3.8	4.4	2.5	3.7
1982	3.7	16.5	2.9	4.1	3.2	4.8	2.7	4.3
1983	3.8	21.4	4.0	4.0	3.1	4.0	3.5	4.6



Source: Statistics Canada, 65-004, 65-201 and 66-001

Selling Canada, to Canadians and foreigners alike, is essentially no different from selling any other product — from cars to fried chicken. One needs to know what the market wants or, alternatively, one needs to create a demand for the product. The product must then be refined to cater to the demand. Advertising must be tailor-made to the specifications of the market place. None of this can be done in the absence of a strong data base, any more than any company's product line can be effectively launched or promoted without the kind of solid marketing research that goes hand in glove with every major initiative of any successful company. Yet the tourism industry lacks adequate data even on its profitability, among many other areas of weakness.

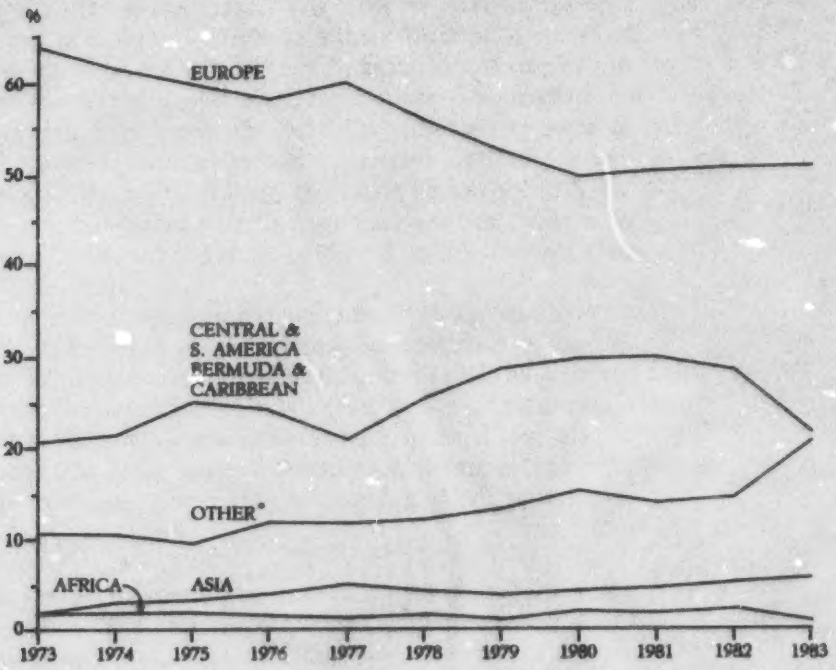
Government involvement in tourism, given that the industry is essentially a commercial enterprise, should draw heavily on the techniques of the private sector now being so successfully employed by our competition around the world. Either we are in the big leagues or we are not. If we are, professionalism must characterize our approach. Nowhere is that quality more necessary than in the area of data and research as the foundation of public policy in this most competitive of industries.

Market information on visitors to Canada must be improved. We don't know nearly enough, for example, about who comes here, why our visitors choose Canada, how long they stay, and their travel patterns within the country once here. Nor do we know enough about who does not come to Canada and what image problem or other reasons there might be to explain their lack of interest.

A logical starting point for an improved data base could be Canada's largest customer — the United States. The establishment of a new system to survey U.S. visitors, similar to the Statistics Canada survey of other foreign visitors, is doubtless required.

Statistics Canada and Tourism Canada are now engaged in a systematic review to fill gaps at the operational level. The larger concerns will be addressed by a Task Force of private and public sector interests created at the recent federal/provincial/territorial Conference of Tourism Ministers. The Task Force will be chaired by Canada's Chief Statistician, Martin Wilk.

CANADIAN PERSON-TRIPS TO COUNTRIES OTHER THAN THE U.S. 1973–1983



*'Other' includes cruises and combined destinations.

Source: Statistics Canada: *Travel Between Canada and Other Countries*: 66-201.

Transportation

The government role in the provision and regulation of transportation is vital to Canadian tourism. The major immediate issue is airline deregulation.

At a time when the airline industry of our principal competitor, the United States, is almost totally deregulated, making air travel within the U.S. much cheaper than Canadian alternatives, can Canadian tourism withstand the competition without further advances toward deregulation of airlines in Canada? Once more, Canadian tourism can be seen to transcend the narrow boundaries traditionally associated with it, in this case to encompass the entire transportation sector. Indeed, without transportation, tourism would simply be impossible. In this area, as in so many policy areas, the tourism industry will have to work closely with the transportation sector to ensure that the longer-term interests of both, and of all Canadians, are advanced.

Training

As mentioned earlier, skill development and training are essential to a competitive tourism industry. Retraining and adult education for those already in the industry must be included.

Canada needs to learn from its foreign competitors, particularly on the fine points of hospitality. Canadian tourism can ill-afford to be amateurish at a time when professionalism in this increasingly competitive industry is fast separating the winners from the losers. The fact is, many of our international competitors have centuries of tradition in the hospitality industry to back their modern tourism industries. Ours is a young country. And our tourism is an infant industry without a long tradition. Our tourism industry, more than most, must cultivate excellence through first-class training and apprenticeship. The alternative is to put our earnest amateurs against skilled professionals in the fight for the tourist's dollar, pound, mark, franc, peso or yen. In an unequal contest of that sort, we can count on being beaten ten times out of ten.

Introducing professionalism to the tourism industry while ensuring that careers offer opportunities for advancement is a challenge we cannot afford to ignore.

TOURISM INDUSTRY SUBSIDIARY AGREEMENTS UNDER GDAs

	Federal Contributions	Provincial/ Territorial Contributions	Total Value
		($ million)	
Yukon	3.60	2.40	6.00
B.C.	25.00	25.00	50.00
Manitoba	12.00	8.00	20.00
Quebec	81.50	54.50	136.00
New Brunswick	13.00	3.25	16.25
Nova Scotia	11.00	2.75	13.75
Newfoundland	12.00	1.30	13.30
TOTAL	158.10	97.20	255.30

SIGNED TOURISM INDUSTRY SUBSIDIARY AGREEMENTS UNDER THE ERDAs

	Federal Contribution	Provincial/ Territorial Contribution	Total
Signed August, 1984		($ million)	
Newfoundland	12.5	8.5	21.0
Signed since September, 1984			
Prince Edward Island	5.8	3.2	9.0
Nova Scotia	9.8	4.2	14.0
New Brunswick	22.0	10.0	32.0
Quebec	50.0	50.0	100.0
Ontario	22.0	22.0	44.0
Saskatchewan	15.0	15.0	30.0
	137.1	112.9	250.0

Development

Subsidiary Agreements

Federal and provincial governments have traditionally had financial assistance programs for the tourism industry. Most programs have contributed to the capital costs of a given project in the form of a grant, loan, loan guarantee and/or interest subsidy.

The major mechanism for support to the tourism industry is joint federal/provincial/territorial subsidiary agreements. There are two generations of these agreements.

The first generation tourism subsidiary agreements were in place until 1983 or 1984 under the authority of the federal/provincial/territorial General Development Agreements (GDAs).[1] All subsidiary agreements to the GDAs, including those for tourism, were negotiated by the provinces and territories and the former federal Department of Regional Economic Expansion (DREE). The total value of the first generation tourism subsidiary agreements was $255 million over five years, with federal contributions accounting for roughly 62 per cent of the total.

Programming under the agreements was primarily delivered by the province/territory and targetted at public sector attractions and facilities, with a smaller component directed to private sector incentives.

Area and planning subsidiary agreements were also signed under the GDAs. Although not specifically for tourism, they did contribute to tourism-related developments. The value of the tourism components of these agreements was about $59 million, of which the federal share was 72 per cent.

The GDAs have been replaced by Economic and Regional Development Agreements (ERDAs). Unlike the agreements signed under the GDAs, agreements under the ERDAs are negotiated by the province and the federal line department responsible for the sector. New tourism

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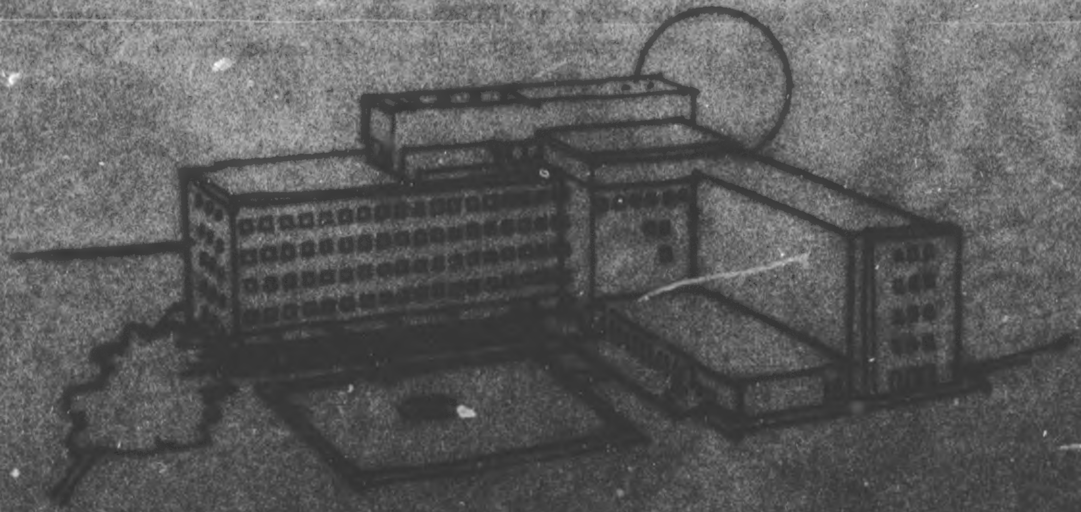
[1] The Manitoba agreement was extended to 1985.

SUBSIDIARY AGREEMENTS WITH TOURISM COMPONENTS

	Federal Contribution	Provincial/ Territorial Contribution	Total
		($ million)	
Qu'Appelle Valley (Sask)	5.65	5.25	10.90
Eastern Ontario	2.00	2.00	4.00
Northern Ontario Rural Development	1.50	1.50	3.00
P.E.I. Comprehensive Development Plan	13.77	1.53	15.30
Northeast New Brunswick	.75	.55	1.30
Kings Landing (N.B.)	3.40	1.00	4.40
Kent Region Pilot Project	.59	.14	.73
Developing Regions (N.B.)	3.70	.70	4.40
Saint John Market Square Development (N.B.)	8.00	2.10	10.10
Community Economic Development (N.W.T.)	.12	.48	.60
Domestic Market (N.W.T.)	2.74	.31	3.05
TOTAL	42.22	15.56	57.78



subsidiary agreements have been signed, or are being planned, for all provinces and territories (pages 72 and 74). Since the appointment of a Minister of State responsible solely for tourism, the minister has been the principal negotiator and signator of tourism subsidiary agreements on behalf of the Minister of Regional Industrial Expansion.

The new tourism agreements stress support for private sector, rather than public sector, development; increased incentives for tourism marketing; and provincial delivery, although joint delivery or direct federal delivery are negotiable.

Convention Centres

Another joint program is the Trade and Convention Centre Program (TCCP), established in 1980 to capitalize on the high potential North American convention centre business. TCCP called for cost-sharing with provincial and/or municipal governments and the private sector. Federal participation from 1980–81 through 1984–85 will total almost $70 million, while total investment has been in excess of $400 million.

The international convention and meetings trade is highly competitive. It is not uncommon for some U.S. cities to spend as much as $6 million to land a major convention. Canada will have to be clever to protect its investment and market share from cutthroat competition. An aggressive marketing strategy aimed at the $35 billion a year U.S. market is essential. As noted earlier, Canada already attracts about half of all U.S. conventions held outside that country and even a modest increase in that share would add millions of dollars to our total travel receipts.

Industrial Regional Development Program

From the summer of 1983 until the fall of 1984, the tourism industry was eligible for support under the Industrial Regional Development Program (IRDP), the federal program for industrial assistance. The total value of offers to the tourism industry to December 1984 was $29.5 million, or about six per cent of total offers made under the program.

Since then the tourism component of IRDP has, in effect, been folded into the tourism subsidiary agreements with the provinces and territories through the development component of each agreement.

FEDERAL CONTRIBUTIONS UNDER THE TRADE AND CONVENTION CENTRE PROGRAM

	($ million)
World Trade and Convention Centre, Halifax	2.75
Prince Edward Convention Centre, Charlottetown	3.80
Quebec City Convention Centre	.53
Montreal Convention Centre	15.00
Metropolitan Toronto Convention Centre	19.00
Hamilton Trade and Exhibit Centre	4.00
Windsor Convention Centre	.30
Edmonton Northlands AgriCom	7.25
Vancouver	17.00
[redacted]	[redacted]

OFFERS MADE TO TOURISM OPERATIONS UNDER THE INDUSTRIAL REGIONAL DEVELOPMENT PROGRAM

($ million)

1983/84	1984/85	TOTAL
[redacted]	[redacted]	[redacted]

TOURISM SUPPORT UNDER SPECIAL FEDERAL INITIATIVES

	($ million)
Southeast New Brunswick Tourism Initiative:	2.000
PEI Federal Development Strategy — Tourism:	5.400
Yukon Tourism & Small Business Special Program:	2.000
Economic Development Plan — Magdalen Islands:	.825
Plan de l'est du Québec:	14.000
[redacted]	[redacted]

Other Government Assistance

Other federal assistance to the tourism industry is delivered through the Small Business Loans Act (SBLA), the Federal Business Development Bank (FBDB) and the Canada Employment and Immigration Commission (CEIC). CEIC's training programs and the FBDB's management counselling services are available to tourism businesses. The FBDB also acts as lender of last resort for small businesses having difficulty obtaining financing from other sources. In 1983–84 the tourism industry accounted for $90.8 million of FBDB's loans, or 28 per cent of its total lending.

The federal government has also assisted the tourism industry through special initiatives that it funded and delivered. These initiatives have totalled approximately $25 million since 1976.

In directly-funded and directly-delivered provincial and territorial assistance programs, tourism is eligible under most industrial development programs. These programs are delivered primarily through development corporations, such as the Nova Scotia Small Business Development Corporation, the Ontario Development Corporation and the British Columbia Development Corporation, mainly in the role of lenders of last resort.

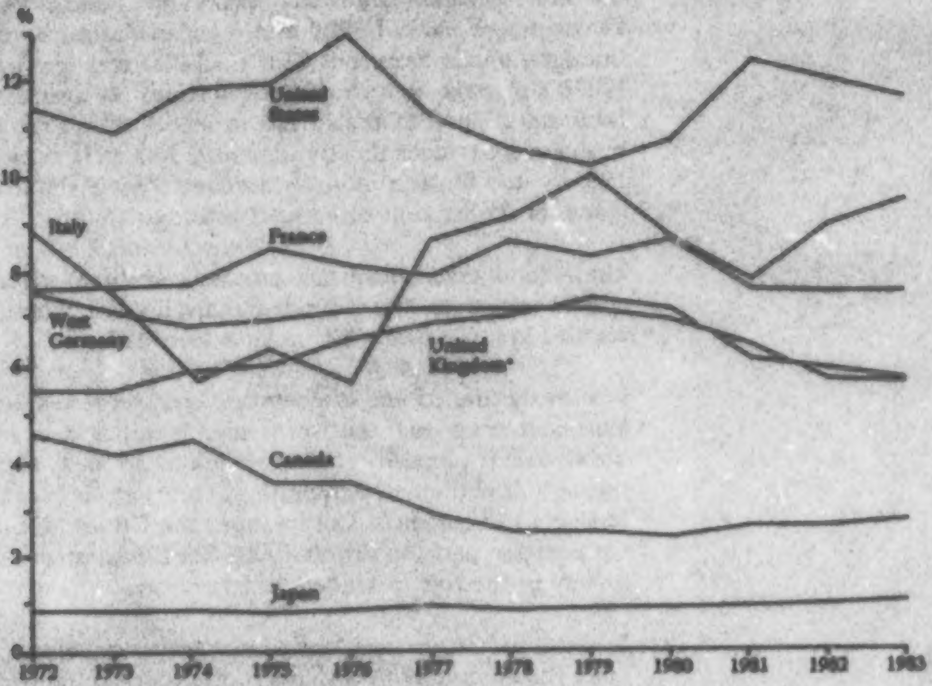
In some provinces, development programs have been introduced to meet the specific requirements of the tourism industry. For example, in New Brunswick the Tourism Development Program provides assistance toward the labour component of construction costs of accommodation facilities and attractions. In Ontario, the Tourism Redevelopment Incentive Program provides loan guarantees and interest subsidies for accommodation facilities and attractions.

Possibilities for Change

Given the extensive government assistance to the tourism industry in the past, perhaps it is time for governments and industry to look beyond the traditional loan and grant instruments used to stimulate investment and development. Is this assistance creating a dependent industry? The challenge is to increase private investment in the industry from Canadian and foreign sources.

In any event governments, in recent years, have spent heavily on tourism "bricks and mortar", attempting with some real success to work directly or with the private sector to build up the country's physical assets — from hotels and restaurants to theme parks, ski

MARKET SHARE OF INTERNATIONAL TRAVEL RECEIPTS SELECTED COUNTRIES, 1972–1983



*United Kingdom data exclude receipts for the Channel Islands before 1975

Source: World Tourism Organization, O.E.C.D.

facilities and major exhibitions. A question to be asked is whether the industry is now at the stage where governments, at least the federal government, could more usefully concentrate on fostering the general environment in which the private sector could do what it does best — create jobs and prosperity for the maximum number of people and regions.

Such a change might see the federal government, to a greater extent than now, stressing the collecting and analyzing of tourism data; providing information to the industry and tourist alike; co-ordinating its own policies and programs; and working with all partners in the industry to co-ordinate marketing and training programs. The federal government could be the catalyst for change — less a builder and more a blueprint maker.

Intergovernmental Co-operation

The fragmentation of the tourism industry and the industry's own inability to unite have hindered effective policy and action but the biggest single problem facing tourism has been a lack of co-ordinated effort within the federal government, between the federal government and the provinces and between all levels of government and the private sector. For example, within the federal government, parks, fisheries and environmental policies have seldom been formulated with tourism in mind. And tourism policy has not always taken into account policy considerations in other areas of government.

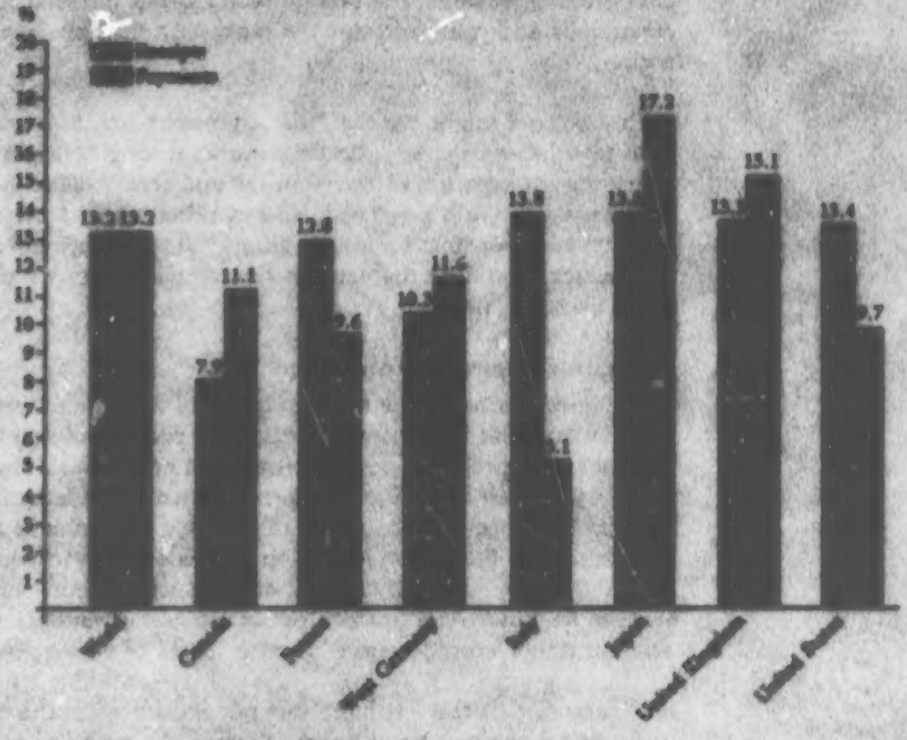
Bad enough that the left hand has not known what the right hand has been doing; the one hand has frequently chopped the other off at the wrist. Such self-defeating, not to say destructive, exercises must end if limited resources are to assist in the development of an internationally competitive tourism industry in Canada.

In light of the extent of federal/provincial/territorial involvement in every facet of tourism, it is imperative that efforts be integrated wherever possible. Governments must work closely with one another to provide the framework for the private sector to achieve its potential in tourism.

Increased government expenditures are not the answer. Rather, all efforts must be marshalled to ensure improved efficiency and to minimize duplication and working at cross purposes.

GROWTH IN INTERNATIONAL TRAVEL PAYMENTS AND RECEIPTS, 1973–1980

GROWTH RATES PER ANNUM



Source: World Tourism organization, O.E.C.D.

In addition governments and the private sector, including the media, should jointly stress the point to all Canadians that each of us must play a role in making foreigners and travelling Canadians feel welcome. Every Canadian is a host. And yet, how often are our tourists made to feel unwelcome because the ordinary citizen has not taken a minute to be helpful in some small way — or merely to smile. Worse still, has the taxi driver, hotel clerk, flight attendant or waiter been downright rude? The best development and marketing strategies in the world are easily undermined by insensitivity at the level of product delivery. Too true is the adage that a great reputation takes years to build and seconds to destroy.

Tourism Canada and the Tourism Industry Association of Canada have for five years co-sponsored a Canada-wide public service program to foster awareness of the role each Canadian must play in the tourism industry. Its success has depended on the willingness of local media outlets across Canada to carry the message on public service announcements. Many outlets have not participated, resulting in uneven coverage.

Mightn't a more comprehensive program, with participation by all television and radio stations, magazines and newspapers in the country, make sense given that everyone would benefit from its success? News items could be reinforced by local interest stories about Canadians who have gone out of their way to help visitors. Will the media across Canada meet this challenge and support a national tourism awareness program as a public service?

ROOM TO MANOEUVRE: THE BOUNDARIES

A strategy for tourism must pay heed both to market realities and the respective roles or jurisdictions of the provinces, territories, the private sector and the federal government.

There is a distinction between government tourism policies and government policies that affect tourism. The difference is exemplified by exchange rate and monetary policy. Tourism expenditures, by Canadians and foreigners, are affected by exchange rates but exchange rate policy is not and cannot be determined for the sake of the tourism industry alone.

The same holds true for the general tax system in Canada; it cannot be altered solely for any one industry. Taxation levels on specific products, such as alcohol and gasoline, may affect the competitive position of the tourism industry. But taxes on a specific factor making up part of the cost of the product cannot be isolated from the general framework in which the industry operates. The expenditures by governments on infrastructure, and on the upgrading and operation of its own assets, are examples of costs that are charged to general government revenues but that benefit the tourism industry more than other industries.

An additional problem of trying to deal with one particular factor cost, such as gasoline prices, is measuring the particular impact of that component on the overall industry. Even if that were possible, it is still more difficult to address a specific concern without creating undesirable impacts on other policies or industries.

The tourism industry has often complained that taxes on gasoline have undermined tourism. Setting aside the need to conserve a diminishing resource and to promote other national energy objectives, it is important to assess the actual impact, rather than the perceived impact, of gasoline prices on tourism. Studies by the federal government and the Tourism Industry Association of Canada have failed to identify with certainty a direct relationship between price and travel trends. This is not to claim that factor prices do not affect the competitive position of the Canadian industry. On the contrary, gasoline prices no doubt contribute to the perception of the cost of visiting Canada. But gasoline prices are only one factor among many and must therefore be viewed in the total context, and not in isolation.

We must devise imaginative ways to counteract any disadvantage we have in price or service. For example, gasoline companies could help by ensuring that visitors have access to "cents off" coupons that are offered to Canadians, often through the mail or with the purchase of groceries in specific stores. The coupons could be made available to visitors through hotels and motels and/or could be mailed with information packages sent to potential visitors by governments and the private sector, for example the CAA.

The industry has also complained that taxes on alcohol have reduced the industry's cost competitiveness. Instead of changing the tax structure, an easier approach to the issue might be the one taken by some U.S. states; they offer a substantial discount to bulk purchasers like restaurants and lounges. The cost saving is then passed on to the consumer.

For its part the private sector could help Canada's cost competitiveness by ensuring that foreign visitors are given full exchange value on their U.S. dollars, perhaps with encouragement from the local media. Short-changing our U.S. visitors is not only wrong but also foolish for it undermines Canada's reputation for hospitality, so important to attracting the return traveller.

Minimum wages, unemployment insurance, and pension contributions are examples of other public policy issues that need to be reviewed in relation to overall national policy objectives. The impact of these factors on the cost of the tourism product has to be balanced against the broader objectives they are designed to achieve.

Also required, as outlined in the federal government's *Agenda for Economic Renewal* paper, is a reassessment of tax measures that impact on investment and growth, for example, capital cost allowances and lower corporate tax rates for manufacturing, processing and small businesses. A preliminary analysis by Statistics Canada of taxation in the Canadian hotel industry indicates that this sector is treated differently from, and possibly less favourably than, the manufacturing sector or other service industries. If so, the reasons for, and advisability of, the disparity should be carefully examined.

The tourism industry is, of course, prepared to shoulder its fair share of the tax burden, but disproportionately high tax levels would hurt its international competitiveness and restrict its capacity to create jobs for the total economy.

Certainly the industry can be stimulated to accelerate job creation. Tourism's past performance in employment growth, and its high labour ratios and ease of entry, render it an effective instrument for employment policy, especially for unskilled workers, new labour force entrants, women and students trying to finance their education.

There is also the opportunity to reduce the tourism deficit in the balance of payments. Tourism is one of the few sectors where exports and imports face virtually no barriers to trade and where consumers' decisions are based solely on their desire for the product and their response to price. So there is considerable scope for both increased exports (more visitors to Canada) and import replacement (fewer Canadians travelling abroad) through improvement of the industry's overall competitiveness.

In addition, the tendency of the domestic market toward regional and market specialization means that efforts can contribute to economic growth in all regions of Canada. Although tourism is not a panacea for regional economic disparity, certain regional assets can be developed to become world-class attractions. It is not only the mass-market-oriented assets that can be world-calibre; often ones considered too small or highly specialized can become world-class attractions.

All provinces and territories can develop specific attractions that won't draw large numbers of tourists from afar but will be important to the local economy. The Yukon and the Northwest Territories, for example, have products that now attract relatively few tourists, but those who do come are spending a lot of money and have a significant impact on the local economy. And the potential is there to attract many more tourists to those destinations.

Attracting more visitors to all of Canada from the traditional United States market, particularly the northeast U.S., will require considerable effort. Marketing programs will have to be reviewed to determine if the general awareness advertising of the past is still effective in a market where penetration has long been high. It may be that new, perhaps specialized, customers can be found to reverse current market trends, but regaining lost customers will probably require improving existing products and developing new ones. Certainly, every advantage available will have to be taken in this highly competitive market. Canada's exchange rate is a case in point. It is clear that many Americans are not aware that their dollar is worth some 30 per cent more in Canada. At a minimum, businesses advertising their products in the U.S. should state their price in U.S. funds. More ambitiously, the country's marketing strategy might well mention the exchange rate advantage to the U.S. tourist in Canada, at least for as long as the differential holds.

Canada has solid opportunities to attract visitors from offshore markets and the largely untapped southern U.S. market, a fact proved by the strong growth of Canada's market share in those areas over the past decade.

When examining the pleasure travel market, it is clear that success will be based on product differentiation rather than on lower prices. This is particularly true against the United States where the current exchange rate makes the Canadian industry price competitive but does not provide an overall price advantage. While we must make every effort to ensure our price competitiveness is known by our customers, an objective that calls for increased marketing efforts, the industry cannot base its long-term strategy on having a price advantage. This would only occur if the exchange rate were to widen or if current Canadian prices were to fall relative to those in the U.S.

This is unlikely to occur for a number of reasons. For one, the industry is labour-intensive and labour costs are governed by a number of factors. In Canada, minimum wages are higher than they are in the United States. In addition, the United States makes greater use of "tip differentials" than does Canada.[1] In any event, neither the Canadian industry nor governments would wish to reduce the living standards or social security of workers to make the tourism industry more cost competitive. Rather, we are simply going to have to be more productive and offer a higher quality of service.

In one area, air fares, price is a factor that can be altered. If we are to be competitive with the U.S., air travel must be less expensive. The price of transportation looms large in consumers' decisions to travel to distant destinations. For the tourist travelling to visit friends or relatives, air fares are particularly relevant.

The strategy that will increase Canada's share of the world travel market will have to be based on the development of products that are unique or superior to those of the competition. The opportunity to stimulate exports and to encourage import replacement on a large scale will need to centre on traditional winners, including those in the Quebec City–Windsor corridor, Niagara, southwestern Alberta, southwestern British Columbia, Prince Edward Island and Cape Breton. Other unique sites and assets that offer specialized experiences and have the potential for development will have to be identified.

Only by broadening Canada's product line and only by ensuring those products are world-class in experience, price and service, will we be able to turn around the Canadian tourism industry.

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[1] A tip differential minimum wage is used for employees in occupations where tips are part of the employees' income, and it is set at a lower level than the regular minimum wage.

Canada is a magnificent country. It has the grandeur of mountains, forests, rivers, beaches, prairies and wilderness along with sophisticated cities, friendly country towns and fishing villages. Our green summers, crimson falls and white winters; our festivals, plays and fairs; our soaring towers and deep lakes, all combine to make Canada a country of infinite variety. Its towns, landscapes, wildlife and, above all, its people make our tourism products essentially sound. Indeed, there are none quite like them anywhere else in the world. And the entire world *is* our market. We must continue to develop our products, and to package and market them for all the world to see and enjoy. The challenge is enormous but, as in so many areas, we can succeed.

We need only the will to excel to make it happen.